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U.K. Labor Party Chooses Leftist Kinnock as Chief

By Peter Osnos
Washington Post Service

LONDON — Britain's opposition Labor Party chose Neil Kinnock as its new leader Sunday, placing its hopes for political revival on his skills as a crowd-pleasing leftist orator and banking on his spirited vigor to offset the damage from years of internal disputes.

Mr. Kinnock was overwhelmingly elected on the first ballot by the party's electoral college, representing trade unions, members of Parliament, and constituent party groups. The vote capped a leadership campaign that began after the June general election, in which Labor suffered its worst defeat of modern times as the Conservative prime minister, Margaret Thatcher, won in a landslide.

As deputy leader, the party chose Roy Hattersley, who had also sought the top spot. Labor faithful called Sunday's result their "dream ticket," because Mr. Kinnock represents the left and Mr. Hattersley, 53, comes from the center-right.

Whereas Mr. Kinnock had been far from the center in the contest for leader, Mr. Hattersley only pulled away in the closing days from Michael Foot, the left's candidate for deputy, as the need for party unity came to dominate other considerations. He was elected with 67 percent of the vote, to 27 percent for Mr. Foot.

Since its first loss to Mrs. Thatcher in 1979, Labor has been torn repeatedly by disputes over party procedures and policies, creating bitterness among all its factions and leading to the defection of many moderates to the new Social Democratic Party.

"The return of the Conservatives was our fault," Labor's chairman, Sam McCusker, said at the party conference at the seaside resort of Brighton, vowing what promised to be the main theme of the annual meeting. "We did a disservice to the people of this country by our internal arguments over the past few years. I call on this party... to end that sad chapter in our history and to unite around our new leadership and policies."

In his acceptance remarks, Mr. Kinnock also declared that "unity is the price of victory... here and now and from henceforth."

Arduously pledging his commitment to Labor's ideological heritage, he called it "the most rational, reasonable, emancipated creed known to mankind."

But Mr. Kinnock, in replacing Michael Foot, faces a formidable task in rebuilding Labor — all the more so because he has limited experience at the forefront of British politics. Aside from serving as Labor's spokesman on educational affairs in the last Parliament, Mr. Kinnock, 41, has held minor party posts during 13 years as an MP and has never served in government. No party leader of recent years, the newspaper The Guardian declared last week in anticipating Mr. Kinnock's victory, "has started out looking less like the next prime minister."

With 209 members in the House of Commons — compared with 398 for the Conservatives — Labor is still the official parliamentary opposition, and Mr. Kinnock will be sitting directly across from Mrs. Thatcher in debates. But the moderate alliance of Liberals and Social Democrats nearly matched Labor's results in the popular vote totals in June and is mounting a continuing challenge to the party's position in opinion polls.

More than at any time in the past 60 years, the alliance, despite its own tensions over how close the two parties should be, represents an important third force in British political life. Thus far, its success has been largely at Labor's expense. As the magazine The Economist observed last week, Labor's traditional constituencies abandoned it in droves at the election.

In trying to recover those voters, Mr. Kinnock's greatest strength will be his personal dynamism and a record — still to be tested — for pragmatism on the most controversial issues. He has an impeccable Labor background. He is the son of a miner who worked briefly as an organizer for a teachers' union before arriving at Parliament at the age of 27, and his wife is also a party activist.

When the prospect of a general election emerged last spring, Mr. Kinnock became a peripatetic television performer, whose genial smile, quick-witted patter and pleasing gravel-voiced Welsh accent soon made him a political favorite. This was especially vivid in comparison with the lackluster and weary image of Mr. Foot, 70, who announced after the election that he would step down.

On policies, Mr. Kinnock was identified with the Labor Party left wing's stance in favor of unilateral nuclear disarmament and withdrawal from the European Community. Yet in the bitter factional struggle for the party's deputy leadership in 1981, he refused to support the left-wing candidate and more recently has distanced himself from the call for leaving the EC.



Neil Kinnock responded with a smile to a Brighton woman's comment Sunday before the Labor Party leadership vote. "Oh, you look smaller than you do on the telly," she told him.

Jumblat Seeks Chuf Autonomy; Lebanon Sees Partition Plot

Beirut newspapers said Mr. Jumblat was expected to announce another decision, the creation of a Druze Defense Army, on Sunday and put his own radio station on the air Monday.

Mr. Jumblat said the Lebanese government feared Mr. Jumblat's actions would pre-empt the national dialogue proposed in the Saudi-mediated cease-fire agreement.

"The reconciliation talks were supposed to start next week, but in view of what has happened yesterday and today we are going to wait 24 hours," he said Sunday. Later he would be confident the talks would go ahead.

President Ronald Reagan's envoy to the Middle East, Robert C. McFarlane, said Sunday in Rome that he was not surprised by Mr. Jumblat's announcement. He also emphasized that national reconciliation talks should begin as soon as possible.

"It was not an unexpected move, and I think that even other forces could make similar ones before the beginning of the conference for national reconciliation begins," Mr. McFarlane said after a meeting with Italy's defense minister, Giovanni Spadolini.

Mr. Jumblat, in making his announcement Saturday in Beirut, 15 miles (about 24 kilometers) southeast of Beirut, said the civil administration would include a general congress, a central committee and an eight-man "supreme administrative authority."

Former President Camille Chamoun said he believed Mr. Jumblat's action might lead to the fragmentation of Lebanon into cantons under a federal umbrella. But other analysts said it probably was a tactical move to put pressure on the government to expedite the opening of talks on a national reconciliation. That view was strengthened by Mr. Jumblat's declared readiness to hold talks anywhere with a national reconciliation committee that includes Mr. Gemayel.

Meanwhile, the Christian Lebanese Front released about 100 Druze, women and children, at Ghazir, 13 miles northeast of Beirut. The Druze, held captive since the outbreak of mountain fighting early last month, left a convent north of Beirut for a reunion with their families.

AFL-CIO Leaders Vote Overwhelmingly to Endorse Mondale

By Phil Gailly
New York Times Service

HOLLYWOOD, Florida — The general board of the AFL-CIO, the largest U.S. labor federation, has voted overwhelmingly to support Walter F. Mondale for the 1984 Democratic presidential nomination.

The vote Saturday, coupled with the endorsement of Mr. Mondale Friday by the directors of the National Education Association, provides his campaign not only with a psychological lift but also with considerable political resources to use against his six potential rivals for the nomination.

Mr. Mondale won 12.9 million, or 90.7 percent, of the 14.2 million votes cast by leaders of the 96 affiliated unions that make up the AFL-CIO. Votes were weighted according to membership of each member union, and officials were permitted to split their votes.

Senator John Glenn of Ohio, considered to be Mr. Mondale's strongest rival for the nomination, made only a token effort to challenge labor's solidarity behind Mr. Mondale. He received 470,367 votes, or 3.3 percent.

The latest New York Times/CBS News Poll showed that union members, as distinct from the leaders who gathered here, were about evenly divided between Mr. Mondale and Mr. Glenn.



Five candidates for the Democratic presidential nomination stand at a state convention in Augusta, Maine. Former Vice President Walter F. Mondale won a straw vote among delegates. From left are George McGovern, Senator Ernest F. Hollings of South Carolina, Senator John Glenn of Ohio, Mr. Mondale, and Senator Alan Cranston of California.

said the federation's decision to break with tradition and endorse a candidate in the presidential primaries would allow organized labor to reassert the political influence it has allowed to atrophy.

The vote was taken after almost three hours of speeches in which the few union officials who backed Mr. Glenn warned that the federation's endorsement could prove to be bad politics.

Greg Schneider, a spokesman for Mr. Glenn, said here that "we know of no evidence in any public opinion polls that two-thirds of rank-and-file union members want to disown anyone in our primary campaign."

But Lane Kirkland, president of the AFL-CIO, said the decision to endorse a Democrat came "from the roots of the movement."

According to a federation report, in the 1982 congressional elections the AFL-CIO turned out 150,000 volunteer workers and helped register 3.7 million new voters.

■ Maine Vote Favors Mondale
Howell Raines of The New York Times reported from Augusta, Maine: Mr. Mondale won convincingly in a straw poll Saturday at the Maine Democratic state convention, where he had spent heavily. Senator Alan Cranston of California, who also campaigned and spent heavily, finished second with 29 percent, to Mr. Mondale's 51 percent. Senator Ernest F. Hollings of South Carolina, who had made the straw poll a major effort of his campaign, finished third with 11 percent of the vote, falling short of his goal of upsetting Mr. Cranston.

Mr. Glenn ran fourth, with only 6 percent. He spent little time and money in the state.

■ Female Candidates Backed
Six Democratic candidates pledged Sunday to consider a woman for vice president, United Press International reported from Washington. And one of them, Senator Gary Hart, a Colorado Democrat, got a rousing cheer from more than 1,000 delegates to the National Organization for Women annual convention when he said, "I would be proud to run with a woman on either end of the ticket."

Mr. Mondale, Mr. Cranston, Mr. Glenn, Mr. Hollings and George S. McGovern were the others who promised to seriously consider including a woman on their ticket.

Manila Business Leader Charged With Sedition

By William Chapman
Washington Post Service

MANILA — Philippine police have arrested a prominent businessman and charged him with inciting sedition for helping publish a magazine devoted to the memory of Benigno S. Aquino Jr., the slain opposition leader.

It was the first arrest on political charges of a business leader here since President Ferdinand E. Marcos threatened to arrest businessmen who took part in anti-government demonstrations.

Rogelio S. Pantaleon, vice president of a large company and managing director of a prominent business club, was held for five hours and released pending trial.

Meanwhile, military authorities claimed to have evidence that the man they say shot Mr. Aquino at the Manila airport on Aug. 21 was a Communist guerrilla commander.

Police had said previously that the alleged assassin, Rolando Galman, was a hired professional killer who sometimes worked for organized criminals and "subversive elements."

A statement released Saturday by military investigators said the information had come from Rolando Galman.

■ Filipino businessmen seem increasingly disillusioned with the Marcos government. Page 2.

sendo Cawigan, who had once been Mr. Aquino's bodyguard. The statement asserted that Mr. Cawigan said the execution was ordered by the chairman of the Communist Party of the Philippines.

Mr. Pantaleon, the arrested businessman, is a vice president of the Ayala Corp. and managing director of the Makati business club. It was in the Makati club that several other businessmen last week denounced the Manila press for giving a pro-government account of the Aquino killing.

Mr. Marcos has singled out several Makati banks and the Ayala Foundation, which is affiliated with Mr. Pantaleon's company, for allegedly playing a part in anti-government demonstrations.

Mr. Pantaleon had helped to publish a commemorative magazine entitled "Tribute to Ninoy," containing accounts of the Aquino assassination.

Inciting sedition is a charge that carries a maximum penalty of death. Mr. Pantaleon was charged when he went to a police station to inquire about a student, Rolando A. Solidum, who had been picked up for selling the publication. The student also was charged with inciting sedition.

The new claim that Mr. Aquino's alleged assassin was a Communist commander came in an unsigned statement from a government press center. It identified Mr. Cawigan, Mr. Aquino's former bodyguard, as a "government undercover man" who had contacts with the Communist underground and its military arm, the New Peoples Army.

It said Mr. Cawigan had first told authorities last May of the alleged Communist plot to kill Mr. Aquino.

■ Marcos Cites Security
President Marcos said Sunday that it would be a setback if President Ronald Reagan canceled his trip to Manila next month, but that security should be the main consideration. The Associated Press reported from New York.

The Philippine leader made the comments in a satellite interview with ABC-TV. He said that while he would view a cancellation as a setback, "The primary consideration is the safety of President Reagan." He added that there had been "no alteration of plans" about Mr. Reagan's visit.



Salvador H. Laurel, an opposition leader, speaking at a rally near Manila. He accused President Ferdinand E. Marcos of having ordered the killing of Benigno S. Aquino Jr.

6 in Pakistan Die in Clashes Over Voting

ISLAMABAD, Pakistan — At least six persons died in Pakistan's Sind province on Sunday as anti-government protesters fought to sabotage a second round of local council elections, police and witnesses said.

Many polling stations were the targets of bomb attacks and, in central Sind, 11 policemen and election officials were kidnapped.

Opposition sources said most of the six districts voting Sunday had complied with a strike call by the Movement for the Restoration of Democracy, an alliance of banned political parties seeking a return to democracy in Pakistan.

The elections have been dismissed as a farce by the group, which called a general strike when the military government of President Mohammed Zia ul-Haq barred opposition parties from contesting the election.

Voting was split into two polling days to allow the authorities to regroup troops and policemen.

In Karachi, unknown assailants shot a man who won a seat in local elections there Thursday, police said.

Witnesses said two soldiers and three protesters were killed in a clash near Nanshauro Fort.

In nearby Moro, police said that troops had killed one man and wounded two who tried to ambush an army truck. Opposition sources said three people died in the ambush, part of an opposition strategy to hinder traffic and enforce the general strike.

The sources said they thought the ambushed army patrol was searching for hostages abducted from a police van taking election officers to a polling station that civil servants had refused to man.

Police said the kidnappers had demanded the release of jailed political leaders, postponement of elections in Sind and the resignation of General Zia in return for the release of the hostages.

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Hard Times on Midwestern Farms Yield a Harvest of Violence

By Andrew H. Malcolm
New York Times Service

RUTHTON, Minnesota — It began with a late-night phone call to Rudy Blythe, president of a local bank. Someone wanted to meet him at an empty farmhouse he had been trying to sell for nearly four years.

Within hours Mr. Blythe and Deems Thulin, his chief loan officer, walked into a fatal ambush. Mr. Blythe, wounded, attempted to flee but was stalked and slain with a rifle. The shootings Thursday morning set off a five-state manhunt for a dispossessed farmer and his 18-year-old son, and early Saturday the two were formally accused of the killings.

The slayings appear to be by far the most violent outbreak yet arising from the deteriorating financial condition and the threatened or actual eviction of many of the nation's farmers. Foreclosures and tight farm finances are extremely emotional issues across the Midwest, whose agricultural sector is still suffering from the effects of the recession.

"Who can know what these hard times do to some people?" asked Duane DeBettignies, a local businessman. "Every man has his breaking point."

Shortly before dawn Saturday, Sheriff Abe Thompson of Lincoln County issued arrest warrants for

James Lee Jenkins, a 46-year-old local dairy farmer, and his 18-year-old son, Steven Todd.

The events leading up to Saturday's warrants and the continuing manhunt for the father and son were pieced together from interviews with friends and neighbors of the victims, businessmen and law-enforcement authorities.

The interviews paint a picture of two men. One was the banker who loved his prominent local social and economic role but was increasingly troubled by a growing number of delinquent loans. The other was the farmer who loved to care for animals but was incapable of handling the complex finances of a modern agricultural operation, a man whom the bankers classified a bad credit risk.

And they show how the two men's lives apparently came to a fatal clash over 10 acres (four hectares) of overgrown prairie.

The former Jenkins farm is a small patch of pasture, outbuildings and a simple white house trimmed in green, sitting amid some woods turning bright fall colors. Mr. Jenkins has lived on many farms in this area since his childhood, reportedly becoming very attached to a farmer's independent way of life.

About seven years ago he settled on a small farm three miles (five kilometers) north of here, on a country road whose sharp corners follow old property lines. It was just the remnants of a larger farm but all that he

could afford and seemed to want. He bought 45 dairy cows. "He's a hard worker," said Mayor LeRoy Burch. "Just loves to milk cows."

But Mr. Jenkins ran into money problems again. There was not enough pasture for cheap feed; he had to buy all his hay and grain, an increasingly expensive proposition. His income was not growing, so more bills were paid late, if at all. Soon, the livestock became malnourished. Licens were slapped on his machinery. His wife left.

And after many months of patience, Mr. Blythe and his Buffalo Ridge State Bank foreclosed. Bitter words were exchanged more than once. And some people say Mr. Jenkins lost out the sink, the tub and some floorboards before leaving. "Oh, they knew each other real well," said Sheriff Thompson on Saturday. "Or rather, they knew each other real bad."

With the rise in farm foreclosures, forced farm auctions and voluntary liquidations in recent months, banks and federal loan agencies have been the target of mounting criticisms and demonstrations, some violent, among a wide range of farm, labor, environmental and anti-nuclear groups.

The farmers are caught between rising costs for their supplies — fuel, seeds, fertilizer — along with higher interest for the money they borrow to buy them, and declining prices for their farm commodities

and lowered value for their farm property and collateral.

After the foreclosure on Mr. Jenkins' farm, he disappeared for a while. Friends said they thought he did construction work in Texas. Sometimes his son went with him, and sometimes he stayed with his grandparents near here.

But three or four weeks ago, Mr. Jenkins reappeared, driving a white pickup truck with Texas license plates. His son Steve, who fashioned himself a cowboy, was with him, still sporting a military-style haircut and, as always, wearing a military camouflage uniform.

Mr. Jenkins seemed happy. He said he had bought a farm south of here and was going to buy some more cattle. But he had trouble getting credit. "Every time somebody would ask about his credit," said a friend who asked to remain anonymous, "everybody would refer them to the bank and they'd shut the door real quick-like."

The Buffalo Ridge State Bank, like most small-town banks, played a prominent local role. As president, Mr. Blythe was respected by many (he helped found the Lions Club), envied by others and feared by some. "Rudy was leaning hard on some farmers to pay up," said one farmer.

"Rudy had tried to be helpful to some of these

(Continued on Page 2, Col. 5)

Bonn Eager for Any Improvement in Ties With East Germany

By Henry Tanner
International Herald Tribune

BERLIN — For the last two months, an unprecedented stream of West German politicians have been pouring into East Berlin looking for signals that Erich Honecker, the East German leader, would provide a tangible, positive response to Bonn's attempts to improve relations between the two Germanys.

Last week, the first three signals came. They were modest.

First, the East Germans agreed to reopen negotiations, broken off 10 years ago, on a program of cultural and scientific exchanges. The new negotiations are expected to last years.

East Germany then announced that West German children under 15 will no longer have to buy a minimum amount of weak East German currency for every day they spend visiting relatives in the East. The minimum requirement for adults — 25 marks (about \$10) a day — remains in force.

And East German border guards removed some of the self-firing sharpshooters along potential escape routes on the border between the two countries. The rest of the security system remains in place.

The supposedly friendly new spirit was spoofed in a West German cartoon showing a Communist border guard peacefully watering geraniums on his watchtower while another guard — sporting a smile and a slingshot and leading a dachshund on a leash — inspected flower pots on the electrified fence below.

Irony aside, both the center-right Bonn government and its Social Democratic opposition are eager to take even a small improvement in inter-German relations seriously.

On a cardinal point, Mr. Honecker's interests coincide with those of Chancellor Helmut Kohl, according to officials on both sides. Both are anxious to keep relations between the two Germanys separate from the overall East-West conflict that is expected to intensify with the stationing of U.S. Pershing II missiles on West German soil late this year.

For Mr. Kohl, moreover, it was important to prove that his government was able to manage inter-German affairs as well as or better than his center-left predecessors in spite of his support for deployment of the new U.S. nuclear weapons.

For some months after the March election, the situation on the border was tense. East German guards sharpened their checks, and when a West German traveler, who was accused of smuggling, died of a heart attack during questioning, Franz Josef Strauss, the minister-president of Bavaria, and much of the West German press called it murder.

But then Mr. Strauss, one of the fiercest anti-Communists on the West German scene, visited East Berlin. Shortly afterward, he announced that he had personally arranged a loan of 1 billion marks to East Germany — given by West German banks and guaranteed by the Bonn government.

Mr. Kohl visited Moscow, where he spoke of the "German fatherland," meaning both Germanys.

Sensing that a door had been opened, scores of West German politicians and officials have since gone to East Berlin. The visit received lavish coverage by the West German newspapers and television stations. Many of the visitors were received personally by Mr. Honecker.

From their accounts, the East German leader has been taking the line that basic political differences that are irreconcilable should be put on the back burner while practical economic questions and human contacts could be improved.

Mr. Honecker was reported to have promised to abolish the minimum exchange requirement for adults as well as children — a promise he has not yet kept. The requirement had been introduced suddenly in 1980 as a way to reduce the number of visits by Westerners. It was effective, cutting the number by half.

A West German official said last week that motorists traveling to and from West Berlin from West Germany, across East Germany, are finding the atmosphere at the border crossings improved, with little, if any, harassment.

As expected, Mr. Honecker has been tireless in pleading with his visitors against the deployment of the Pershing missiles.

He has been arguing, according to a leading West German politician, that Yuri V. Andropov, the Soviet leader, is anxious to reduce military spending and increase capital investment to make the Soviet economy more efficient and modern.

Hence, in Mr. Honecker's view, it would be in the enlightened self-interest of the West to make this possible rather than to force Mr. Andropov into a ruinous arms race that could only lead to even greater supremacy of the military in the Soviet system.

East Germany, said one of the visitors from the West, takes seriously the Soviet threat to station nuclear missiles in East Germany if the Pershings are deployed in West Germany.

Apart from the military implications, the East Germans are said to argue that this would sharply increase the Soviet presence in East Germany and reduce Mr. Honecker's already limited margin of maneuver in inter-German affairs.

Speaking with sympathy of the East Germans, as distinct from their government, a West German diplomat said they were motivated by the knowledge that, although their living standard is 40 percent higher than that of the Russians, the productivity of their own industry is 30 percent below that of the West Germans.

For many in the West, the Germans on the other side of the dividing line are never far from their minds. Politicians, writers and academics often speak of the West Germans' special responsibility for maintaining human contact with "the other Germans" even though normal political relations are impossible.

Richard von Weizsäcker, the Christian Democratic mayor of West Berlin, wrote Friday in the weekly newspaper Die Zeit that West Germany, although unilaterally a part of the West, made up "the middle of Europe" together with East Germany. The fact that there was "a Western middle" and "an Eastern middle" did not change the geopolitical existence of the "middle," wrote Mr. von Weizsäcker, a historian. "We cannot get away from this."

Former Chancellor Helmut Schmidt, another recent visitor to East Berlin, wrote in Die Zeit a week earlier: "Our objective must be to make the border of the division bearable for the people [of East Germany] and make sure that the feeling of belonging together ... to the German nation will not be lost."

WORLD BRIEFS

Talks on Unity Collapse in Zimbabwe

HARARE, Zimbabwe (Reuters) — Unity talks between Zimbabwe's ruling party and the opposition leader Joshua Nkomo have collapsed, a senior government minister was reported as saying Sunday.

The national news agency Zimre quoted Minister Nyagumbo, Zimbabwe's minister of mines, as saying that Prime Minister Robert Mugabe's party, the Zimbabwe African National Union, had called off the talks after the Zimbabwe African People's Union made unacceptable demands, including the appointment of Mr. Nkomo as deputy prime minister.

"The delegation had also insisted that we give them more posts in the cabinet, release ZAPU detainees, review the Zimbabwe National Army, and that Zimbabwean refugees in Botswana should return home without being molested," Mr. Nyagumbo said. He said the government would not agree to such demands.

Shamir to Seek Vote of Confidence

JERUSALEM (AP) — Yitzhak Shamir, the designated successor of Prime Minister Menachem Begin of Israel, plans to seek a vote of confidence for a new government in Israel's parliament this week, despite a threatened revolt in his coalition that could cost him a majority.

Mr. Shamir will present the government to the Knesset this week, said Deputy Prime Minister David Levy after a meeting of the six religious and rightist parties in the coalition. The vote will take place either Wednesday or Thursday, Mr. Levy said.

Six coalition members say they may abstain in protest over Mr. Shamir's failure to reach agreement with the opposition Labor Party to form a broad bipartisan government, leaving Mr. Shamir with a minority government of 58 in the 120-member parliament.

Soviet Union Withdraws Chess Protest

MOSCOW (AP) — The Soviet Chess Federation said Sunday it regretted the dispute over where to hold two world championship semifinal matches and withdrew its protests as a gesture of good will on the eve of the International Chess Federation's congress in Manila.

The Soviet statement indicated that the Russians had dropped their main argument: that the international group's president, Florencio Campomanes, did not have the right to set seats for the matches between Garry Kasparov of Russia and a Soviet defector, Viktor Korchnoi, and another Soviet player, Vasily Smyslov, and Zoltan Ribli, a Hungarian.

Mr. Campomanes declared Mr. Kasparov and Mr. Smyslov in forfeit after they failed to show up for their matches, and said Mr. Ribli and Mr. Korchnoi should compete for the right to challenge the Soviet Union's Anatoly Karpov for his world chess crown.

Israeli Ex-Minister Begins Penal Term

TEL AVIV (UPI) — Aharon Abutzhaira, a key member of the governing Likud coalition, reported for criminal work at a police station Sunday to begin a 90-day penal sentence for stealing government funds allocated to charity.

Mr. Abutzhaira, the leader of the Tami party, which is made up largely of Sephardic Jews, is a former social welfare minister. He still holds his seat in the Knesset and is one of three Tami deputies. The party is part of the thin majority that Likud holds in the parliament.

Under an arrangement available to first-time offenders whose sentence does not exceed 90 days, Mr. Abutzhaira will work six days a week at the Beit Dagan police station near Tel Aviv. He had been sentenced to prison for 90 days for larceny, fraud and breach of public trust for taking the equivalent of \$1,400 in government funds while he was mayor of Ramle from 1973 to 1977.

6 Are Reportedly Executed in Tibet

BEIJING (UPI) — Six people charged with criminal offenses were executed in Tibet Friday after being put on public display, a diplomatic source in the Tibetan capital of Lhasa said Sunday. The six, four Tibetans and two Han Chinese, had been convicted of murder, robbery and rape, the source said.

But in India, a spokesman for the Dalai Lama, Tibet's exiled spiritual and political leader, charged that the prisoners were political dissidents who had been executed in a "ghastly act of inhumanity." The spokesman said more killings were expected on Oct. 15, and called on the Chinese leadership to send a delegation to Tibet "to study the situation."

The source in Lhasa said the six were among 26 prisoners driven through the streets in an open truck Friday as an apparent warning to others. He said the 26 were arrested in August as part of a national crime crackdown.

France Suspects 2 Groups in Bombing

MARSEILLE (Reuters) — Detectives believe a bomb that killed one man and injured 26 persons at a Marseilles trade fair Friday was planted either by rightist French extremists or Lebanese guerrillas, police sources said Sunday.

Four groups have claimed responsibility for the bomb, which heavily damaged the Algerian, U.S. Soviet and Swiss stands at the 25-nation fair.

The source said police were treating seriously a claim by France's extremist anti-immigrant Charles Martel group, which has claimed a series of attacks on mainly Algerian targets in the last 10 years. Detectives were also pursuing a claim by the Lebanese Armed Revolutionary Faction that the attack was carried out "against American imperialism and French intervention in Lebanon."

For the Record

President Chaim Herzog of Israel is planning to meet with President Ronald Reagan and U.S. Jewish leaders during a visit to the United States in mid-November, Mr. Herzog's office said Sunday (AP).

The Egyptian Parliament approved Sunday an extension of a state of emergency that was imposed after the assassination of President Anwar Sadat by Muslim extremists on Oct. 6, 1981. (AP)

The Chicago Teachers Union called Sunday for a strike after last-minute negotiations failed to break an impasse over salary increases, halting Monday's classes for 420,000 students in the nation's third-largest school district. (AP)

Remnants of PLO Army Prepare for 'Final' Stand

By William Claiborne
Washington Post Service

TRIPOLI, Lebanon — The remnants of Yasser Arafat's Palestine Liberation Organization fighting force, a shadow of the proud army it was in the heady days when it reigned supreme in Beirut, is bracing itself in a hilly redoubt outside this northern Lebanese port city for what its leaders fear will be an attempt by the Syrian Army to give it a final push to extinction.

In a bitter irony, PLO leaders openly liken their situation to first century Jewish zealots besieged at Masada by Roman legions, but they say that unlike the Masada Jews, who committed mass suicide to avoid capture, they will fight to the death if necessary.

While the prospect of a Syrian move against the Palestinian guerrillas is only speculative, the PLO leadership insists that the United States and Syria are conspiring to dismantle what is left of the Palestinian fighting force, thereby keeping Israel in check and paving the way for a reduced Syrian military presence in most of Lebanon apart from the Bekaa valley.

Mr. Arafat, the PLO chairman who little more than a year ago ran diplomacy from a position of power, is now issuing appeals through the press to Syria's president, Hafez al-Assad, not to precipitate a confrontation.

To a visitor who last talked with the PLO leadership when it effectively ruled Beirut, there was an almost pathetic quality to the atmosphere in the Palestinian's Alamo-like enclave far from the homeland they sought to liberate.

The mood in the leadership ranges from seemingly forced bra-

vado to outright resignation to an unhappy end.

"There is no place to go except Palestine or the cemetery," said Ahmed Abdel Rahman, chief spokesman of the PLO.

In contrast to the time when its leadership structure was spread out in an impressive array in West Beirut and its formidable military apparatus deployed in heavily armed bases throughout Lebanon, the PLO now has drawn the wagons around itself in a decaying 1948 refugee camp in Badawi, just outside Tripoli, Lebanon's second largest city.

Mr. Arafat and other PLO officials refused to talk about their numbers, but it is estimated that the PLO has several thousand guerrillas scattered around the Badawi camp. Other PLO forces are scattered in Tunisia, Syria and other Arab countries, but there is no clear estimate of how many.

Beset by mutiny within his own ranks and abandoned by much of the Arab world, Mr. Arafat has turned his wrath away from Israel to a degree and has directed it at the United States as if failing in frustration.

"The American aim and the American target is to liquidate and disband the PLO infrastructure and its leadership," Mr. Arafat said.

Mr. Rahman was even more resigned to the prospect of a concerted effort to finish off what is left of the military structure of the PLO. When asked whether the PLO had any friends left, he bitterly alluded to the lineup of Arab nations, saying, "Look at a map of the Middle East. There are 23 countries there. I'm saying that, and I'm the official spokesman of the PLO."

Filipino Businessmen Increasingly Unhappy With Marcos Regime

By Colin Campbell
New York Times Service

MANILA — During a recent lull between riots here, several hundred prominent businessmen gathered in Manila's financial district to scold the government-restricted press for its reporting since the assassination of the opposition leader Benigno S. Aquino Jr.

All over the capital, business and professional people, the very rich and the middle class, were complaining about President Ferdinand E. Marcos's rule. They worry

that the political crisis may drive the country's shaky economy into a nose dive, and they hope for changes that would restore their rights and bring long-term stability.

The change of mood has been profound, according to a wide variety of businessmen and foreign diplomats. Speaking of Mr. Marcos, a well-connected entrepreneur said, "Nobody believes him anymore. That includes his own people. This Superman is finally falling."

One of the world's richest bankers, Enrique Zobel, dismissed Mr. Marcos's threats to prosecute business executives who take part in unruly demonstrations. And at a recent rally in the financial district, white-collar workers leaned from office windows and dropped bottles on security forces below. Saturday, police arrested Rogelio S. Panthaléon, an executive who also heads the club where the press was criticized. He was charged with inciting sedition in a memorial booklet to Mr. Aquino that he helped publish.

Meanwhile, the Philippine News Agency reported that 20,000 people had staged a pro-Marcos demonstration in the president's home province of Ilocos Norte. Manila has long been a bastion of anti-Marcos sentiment; little has been heard from the provinces.

The economy has been marked by sluggish since martial law was partially lifted in 1981. And since the Aquino killing, foreign commercial credits have been delayed, and industrial export projects postponed. The peso has declined 20 percent and may soon be devalued.

So much capital is fleeing (perhaps \$200 million in the last month) that Mr. Marcos has offered rewards for information on currency black marketeers. About 40 percent of the government's \$18-billion foreign debt is in short-term loans, and sources said that major American banks may soon start talking about rescheduling their portion of it. "Everybody's operating in super-short-term," said a Western economist.

The government can point to economic achievements, however. Some sectors, notably rice and electronics, have been doing well. Mr. Marcos has been dogged in developing energy sources to replace imported oil. And he has stuck by the technocrats in his cabinet, who, in a time of recession, have opposed any increase in spending.

Businessmen have been voicing their grievances, although usually anonymously. There is too much red tape, they say; a few cronies of Mr. Marcos control vast portions of the economy and enjoy ready access to government money. Many businessmen believe that Imelda R. Marcos — whom many Filipinos consider likely to succeed her 66-year-old husband — is uninterested on economic matters. Mr. Marcos counters that many of those criticizing the regime grew rich during the eight years of martial law.

Like others in Manila, many businessmen believe the murder of Mr. Aquino was an inside job involving people connected with the government. However, little hard evidence has emerged. The Marcoses and cabinet members have heatedly denied any part in it.

Saturday, the government quoted a former Aquino bodyguard as saying that communists had recruited the man who killed his former employer. Mr. Aquino's widow, Corazon, dismissed the account, calling the guard "a liar to begin with." Supreme Court Justice Enrique Fernando resigned last week as chairman of the commission investigating the murder and was replaced by Arturo Tolentino, a senior Foreign Ministry official.

Mr. Marcos has recently threatened to imprison businessmen for rioting for currency violations, for import and export violations. He has referred to them as "oligarchs" and "the arrogant rich." Jaime Ongpin, a business leader and brother of the minister of trade, announced that he was "disturbed by the belligerent attitude of the president" at a time when Mr. Marcos should be "conciliatory."

"What we need is a real dialogue with our government," said Hilario Heneares Jr., a manufacturer and former chairman of the government's National Economic Council. "But the newspapers won't even print constructive suggestions." A senior executive of a food processing firm said that Mr. Marcos's televised threat to send executives to jail was "a hollow threat coming from a man who sees his new society crumbling."

Years of one-man rule have diminished the power of old business families, and many middle-class businessmen have become cynical about politics, where they have virtually no voice. But no one is calling the situation revolutionary.

Most businessmen said they would prefer to see Mr. Marcos serve out his term, which ends in 1987. They want concessions, not further uncertainty. "Whether he believes it or not, we are trying to help him," said Cesar Busanueva, president of Filipinas Shell.

Floods Kill 59 in Bangladesh

THE Associated Press
DHAKA, Bangladesh — National flooding caused by torrential rains has killed at least 59 persons, and 700,000 need emergency government aid, the state-run news agency Bangladesh Sangbad Sangstha reported Sunday. Unofficial estimates put the death toll as high as 190, with 2.5 million people homeless.



Marchers file past the U.S. Embassy in Moscow with a sign opposing new U.S. missiles.

Tens of Thousands Gather for Moscow Anti-War Rally

MOSCOW — Muscovites by the tens of thousands converged in well-drilled columns Saturday on six rally sites for what was officially termed an anti-war demonstration.

Demonstrations are generally not permitted unless sanctioned by the authorities. The marchers carried signs and slogans spelled out by combining big letter cards, which hailed the initiatives of the Soviet government and condemned the foreign policy of the Reagan administration.

The rallies were officially described as having been initiated by "Moscow workers and Soviet public organizations." Tass put the number of participants at 500,000 and television put it at 800,000, but Western reporters thought the numbers smaller than either Soviet estimate.

The timing of the demonstrations, two days after President Yuri V. Andropov had issued a strong indictment of President Ronald Reagan's policies, seemed to indicate the start of a Soviet publicity campaign aimed at preventing the deployment of U.S. medium-range missiles in Western Europe starting in December.

Television showed the marches through the day and reported similar rallies across the country. In one televised program, rock groups offered songs as "Stop, Mr. Reagan, Stop, Stop, Stop" and folk singers sang "We Shall Overcome" against backdrops of nuclear explosions and U.S. fighter planes taking off from aircraft carriers.

Some diplomats had taken the precaution of removing their cars parked on the street, but the anti-American mood of the demonstrators passing the embassy on broad Tsvetkovskiy Street, was limited to slogans like "Shame, American aggressors."

CIA Is Said to Use Salvadoran Base To Resupply Anti-Sandinist Rebels

By Lydia Chavez
New York Times Service

MIAMI — The Central Intelligence Agency is using a Salvadoran Air Force base and some Salvadoran pilots to resupply U.S.-backed rebels in Nicaragua, according to U.S. officials in Central America.

The missions have been flown out of the Ilopango air base, on the outskirts of San Salvador, since early spring, according to the officials.

To their knowledge, the officials said, the flights from El Salvador bring medicine, ammunition and communications equipment to the rebels fighting the Nicaraguan government from bases in Honduras are called.

No weapons are delivered, the officials added, and the planes drop the supplies from the air, rather than land in Nicaragua.

It was the first confirmation that the United States had widened its support for the guerrillas. In the past, it was known that the Nicaraguan rebels were receiving training and weapons in Honduras from the CIA.

There are an estimated 8,000 Nicaraguan guerrillas, some known as the Nicaraguan Democratic Front, operating from base camps in Honduras, and others known as the Democratic Revolutionary Alliance, operating from Costa Rica.

Those operating from Costa Rica, under the leadership of Edna Pastor Gómez, a former Sandinist revolutionary and government official, are not known to have received CIA assistance.

Many of the rebel leaders are members of the former Nicaraguan National Guard, which defended the government of Anastasio Somoza before it was overthrown by the Sandinist National Liberation Front in 1979.

The Reagan administration has said that its objective in supporting the rebels is to put pressure on the Sandinist government to hold early elections, and to halt the shipment of supplies to guerrillas operating against the government of El Salvador.

The contras, however, have said their objective is to overthrow the Nicaraguan government.

U.S. military officials in El Salvador have said the guerrillas fighting the Salvadoran government are receiving ammunition, medicine and communications supplies from

U.S. Harvest Of Violence

(Continued from Page 1)

farmers," said Gary Lindahl, the cafe owner who served him coffee every day. "But maybe he let people borrow when they shouldn't have, you know? And now he was getting a little worried."

On Thursday morning, Mr. Blythe drove out to the old Jenkins place in response to the late-night phone call. Not long afterward, Sheriff Thompson received an urgent call from a passer-by who reported a man writhing in a ditch in front of the farm.

When the ambulance and police arrived, they found Mr. Blythe in the ditch, dead. He had been shot in the back and then pursued down the driveway and shot again. Thirty-caliber carbine shell casings were found in the grass. Mr. Thulin, the loan officer, was found shot to death in the backyard.

The passer-by, a part-time policeman named Paul Bartz, also reported seeing a white pickup truck race down the driveway and head south. The description was radioed to surrounding counties, and the manhunt was on.

Here in Ruthton, a friend of Mr. Jenkins', Bernard Knuth, said many residents have not slept well since then, wondering if the killer or killers had other targets in mind.

The CIA is "throwing a lot of money around" El Salvador, according to one of the U.S. officials. He said that there are about three CIA agents "hanging around" the air force base at Ilopango and that as many as seven agents are involved in the supply missions to Nicaragua.

It is unclear why the CIA has chosen to use the base at Ilopango and not the airport in Honduras, the officials said. One said it was possibly because the Honduran airport was too busy with other operations, including the current U.S. military maneuvers in Honduras.

The supply missions to Nicaragua from El Salvador are flown on C-47s owned by the Salvadoran Air Force and purchased with U.S. military aid, according to one U.S. official. In addition, they are using one twin-engine private plane that has been converted so that it has an open bay door, he said.

When the operation began, only U.S. civilian pilots were used. In the last several months, some Salvadoran pilots have also been used to fly the missions, according to one official.

The officials denied reports that Mr. Pastor's group had used the Ilopango base to launch air attacks against the airport in Managua early in September.

WORLDWIDE ENTERTAINMENT

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AMERICAN TOPICS

Carolina Titans

The expected electoral battle in North Carolina between Senator Jesse Helms, a Republican, and Governor James B. Hunt Jr., a Democrat, for Mr. Helms's Senate seat is apt to be one of the fiercest and ideologically bruising in Senate campaign history.



Jesse Helms

Democrat. He is described as an ideological moderate or progressive, and so far has focused on state rather than national issues.

Charges of name-calling and demagoguery already are flying from both sides, although neither man has announced his candidacy. A recent public opinion poll showed Mr. Helms trailing by 19 percentage points, a gap he is trying to bridge by spending \$27,000 to \$30,000 a week on advertising.

Phone Fees

Residential telephone users would be exempted from a new long-distance "access fee" scheduled to start Jan. 1 under legislation approved by a House subcommittee. But business customers will be subject to the charges established by the Federal Communications Commission.

When the tiny plant sends up its white blossoms in June, a Forest Service guard patrols the mountainside nearby to warn hikers away. A low rock wall surrounds the one-acre (4,000-square-meter) patch in which the cinquifol grows, and any hiker who ventures too close faces a fine of up to \$500.

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One-Liners

Junk food, normally thought of as food high in calories but low in nutritional value, has been redefined by the Institute of Food Technologists. The organization of food scientists described it as any food a person consumes after meeting minimum daily nutritive and energy requirements.

Exclusionary Clubs

New York City officials cannot conduct municipal business or spend city money at private clubs with discriminatory membership policies, under a new executive order signed by Mayor Edward I. Koch. The policy applies to clubs that bar full membership rights or the use of dining and recreation facilities to any person because of "race, creed, color, national origin, sex, age, marital status, sexual orientation, affectional preference or disability."

City officials did not name any offending clubs and would not estimate how many are covered. The mayor said he would dismiss appointees who intentionally do business in discriminatory clubs. Should a city aide unintentionally violate the executive order and file an expense account, the city will not pay, Mayor Koch said.

Hearing Aids

Now that President Ronald Reagan wears a hearing aid, more Americans with hearing problems are speaking up. Inquiries about hearing aids are up by 400 percent to 500 percent, the American Speech-Language-Hearing Association reported after polling hearing clinics in 11 cities. "People feel that maybe if the president is doing it, it's O.K. for them to do it, too. It sort of removes the stigma," said an association spokesman. An estimated 2.2 million Americans wear hearing aids, and 12.8 million have hearing impairments of varying severity but do not wear the devices.

Tax Dodgers

American taxpayers are concealing nearly \$300 billion a year from the tax man, thereby dodging at least \$90.5 billion in federal income taxes, the Internal Revenue Service reports. Much more taxable income is concealed by "honest" Americans than by criminals engaged in drug dealing, gambling and prostitution, according to the IRS study, which was based on 1981 returns. While the illicit activities brought in \$34 billion in unreported profits, more conventional wage-earners kept nearly \$95 billion to themselves when reporting their pay.

Americana

The U.S. Forest Service is spending thousands of dollars a year to protect a rare plant, the Robbins cinquifol, that has been found only on Mount Washington, New Hampshire. When the tiny plant sends up its white blossoms in June, a Forest Service guard patrols the mountainside nearby to warn hikers away. A low rock wall surrounds the one-acre (4,000-square-meter) patch in which the cinquifol grows, and any hiker who ventures too close faces a fine of up to \$500.

Soviet Rocket Said to Explode; Crew Survives

By Thomas O'Toole

Washington Post Service

WASHINGTON — A Soviet rocket exploded on a remote launching pad in Asia last week as it prepared to lift off with three cosmonauts aboard, according to U.S. intelligence sources.

The sources said the three escaped death when their spacecraft was ejected from the top of the booster rocket as it blew up underneath them. The spacecraft returned to Earth by parachute.

The cosmonauts were to have replaced a crew that is in its fourth month of orbit in the Salyut-7 space station, the sources said.

They said the A-2 booster rocket suffered a "catastrophic failure" Tuesday when 270 short tons (245 metric tons) of kerosene and liquid oxygen ignited and exploded almost instantly.

The sources believed that the accident at Tyuratam, in Soviet Asia, marked the first time that a booster had exploded with people in a spacecraft atop the rocket.

The Russians have not commented publicly about the reported accident, which could be as serious to the Soviet manned space program as any ever suffered, intelligence sources said.

They explained that the Russians must not only mount a lengthy inquiry to find out what caused the accident, but must also rebuild the launching pad and the support structures, which were probably destroyed. The work will cost at least \$250 million and may run as high as \$500 million, the sources said.

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Out There in the U.S. West, Watt's Gaffes Hold Little Sway

By Iver Peterson

New York Times Service

DENVER — James G. Watt, the secretary of the interior, gets little defense here for his verbal blunders, but on the strength of both his power as the West's landlord and his performance in office, he retains support in the region from Democrats and Republicans alike.

Despite the criticism, there have been no calls for his resignation among major political figures in the West. Indeed, some even suggest that the severe slump in the region's mining and mineral exploration industries has strengthened Mr. Watt's Western base.

"When things are as bad as they are and more and more people are losing their jobs in the mines, people think maybe we need a champion for development like Watt in Washington more than ever," said an aide to Colorado's Democratic governor, Richard D. Lamm.

Mr. Watt's critics attack him over specific policies he has pursued, such as coal leasing and the sale of public lands. But these criticisms give little weight to

the outrage over Mr. Watt's public utterances in Washington.

Governor Ted Schwinden of Montana, a Democrat who has praised Mr. Watt on some issues, said he believed the furor over the secretary's remark on Sept. 21 that an advisory panel was ideally balanced because it included "a black" and "a woman, two Jews and a cripple" might do in Mr. Watt out West by undoing him in Washington.

"For Mr. Watt to be able to deal effectively with Western governors, he has to keep some credibility as secretary in Washington," Mr. Schwinden said in an interview. "You have to have the strong support of the president and, number two, you have to have, if not the support, at least the cooperation of the Congress, and I think in Mr. Watt's case both of those are weakening."

Mr. Watt's outspokenness and occasional missteps, while deplored by most officials as politically lamentable, are sometimes defended by ordinary Westerners as a form of the perversely charming bluntness that

comes with a territory whose people are used to thinking in terms of "out here" and "back there."

"He just talks the way people express themselves out here," said Wayne Currier, a native of Mr. Watt's home state of Wyoming who now drives a truck in Denver. "Out here, people can say what they want without someone jumping on their backs for it like they do back East."

Among the governors of the high plains and Rocky Mountain states, most of whom are Democrats, Mr. Watt's statements are often deplored but his power to affect the use of the land, his can-do approach and his often astute political trading are generally well received.

In interviews, Governor Bruce Babbitt of Arizona, a Democrat, and other state executives sometimes criticized Mr. Watt for what they described as "give-aways" of public lands. But they spoke well of his performance, especially when compared to that of Cecil D. Andrus, the interior secretary in the Carter administration.

"I've always viewed Jim Watt as a bit of a split personality," Mr. Babbitt said. "There's the feisty,

combative side of him in public where he brings troubles down on his head. The other side is the administrative Watt, because he's a good administrator, and when you reach agreement with him about getting something done, he gets it done. He's quick and decisive."

There are areas of disillusion with Mr. Watt, however, notably among Montana and North Dakota ranchers who oppose his attempts to develop federally owned coal deposits near their land and to sell federally owned grazing range that ranchers have been leasing for generations.

Don Mosrow, a rancher in Hailey, Idaho, says he has seen a shift of opinion against Mr. Watt over the land-sale policy.

"It has actually sort of united both the conservative and the liberal factions here," Mr. Mosrow said. "All the extremely conservative ranchers for whom 'environmentalist' is a dirty word are uniting with them against this policy, so in this area I'd say he's out of favor even with people who would probably approve of him otherwise."

Percy Asks Reappraisal Of Nonproliferation Act

By William E. Farrell

New York Times Service

WASHINGTON — A Supreme Court decision earlier this year voiding the legislative veto may have "profoundly changed the effectiveness of the Nuclear Nonproliferation Act," Senator Charles H. Percy says.

Mr. Percy, an Illinois Republican and chairman of the Foreign Relations Committee, said Friday that an evaluation should be made to determine whether new legislation was necessary to ensure congressional involvement in presidential decisions to sell nuclear materials and technology to foreign countries.

Since the passage of the Nuclear Nonproliferation Act of 1978, Congress has the power of veto over administration decisions involving nuclear export licensing. The bill was intended to halt the spread of nuclear technology with possible military applications, particularly to those nations that did not sign the treaty to ban the spread of nuclear weapons and that do not open their nuclear installations to international inspection.

Mr. Percy presided over a joint hearing of the Foreign Relations Committee and a subcommittee on the spread of nuclear weapons at which two members of the Reagan administration testified.

"I am concerned that we as a nation — and, in particular, we in the Congress — may be losing our grip on nonproliferation," Mr. Percy said. He was commenting on recent Reagan administration deci-

sions to sell nuclear materials to South Africa, Argentina and India, none of which is a signatory to the international treaty.

Last month Westinghouse Corp. was given permission by the Reagan administration to sell replacement parts to the South African government for its Koeberg nuclear plant, which was originally built by France with Westinghouse technology.

In July 1982, it was agreed that India would receive nuclear technology through a third party, France, thereby avoiding any violation of U.S. law. On a visit to India in July, Secretary of State George P. Shultz said the United States would supply India's nuclear needs if no other source could be found.

Last year the Reagan administration approved the sale of a computer system to Argentina, used in a plant that will produce heavy fuel, essential to the nuclear fuel cycle. In August the administration approved the transfer of 143 tons of heavy water, originally produced in the United States, from West Germany to Argentina.

Kenneth L. Adelman, director of the Arms Control and Disarmament Agency, said it was not the administration's intention to diminish the congressional role in nuclear arms deals because of the Supreme Court decision.

On Friday the House passed legislation that would require a 60-day waiting period on such administration decisions as the transfer of heavy water to Argentina, during which they could be debated in



Charles H. Percy

Congress. The bill now goes to the Senate.

Argentine Reactor Accident

Earlier, Milton Benjamin of The Washington Post reported from Washington.

An atomic research reactor in Buenos Aires operated on highly enriched uranium fuel was hit by a sudden, uncontrolled energy surge Sept. 23, and the reactor operator reportedly died from radiation exposure, it was learned Friday.

The small reactor suffered a "prompt criticality" accident, in which in a millisecond began the type of fission reaction that happens at the start of a nuclear explosion. But the reaction only generated the explosive force of about five pounds (2.3 kilograms) of TNT.

While Argentina has not publicly announced the accident, the International Atomic Energy Agency said Friday that it had been informed that no radiation was released from the facility.

However, sources said the reactor operator suffered a massive radiation dose and that he died two days after the accident.

Democrats, Fearing a Double Cross By Reagan, Block Immigration Bill

By Martin Tolchin

New York Times Service

WASHINGTON — Democratic leaders in the House of Representatives have blocked a sweeping revision of immigration law, which the administration has supported, out of fear that President Ronald Reagan will score a political coup by vetoing it.

The bill, which would impose fines and criminal penalties on employers who hired illegal aliens, has aroused intense concern among Hispanic groups, labor unions, business organizations and farmers dependent on foreign workers.

The House speaker, Representative Thomas P. O'Neill Jr. of Massachusetts, conveyed the Demo-

cratic leadership position to Attorney General William French Smith at a meeting in the Capitol on Thursday, according to congressional sources and Justice Department officials.

Mr. O'Neill told the attorney general that the Democrats had "irrefutable evidence" that the president planned to veto the measure, the sources said. This evidence, which he would not describe in detail, was apparently based on information provided by the Congressional Hispanic Caucus.

A House Democratic leader who declined to be identified said the bill had been blocked because "according to what the Hispanic caucus says, the Hispanics of America

believe they are discriminated against badly in this bill."

"They have heard that the president plans to veto the bill, and become a hero to Hispanic-Americans," he added. The president has made a strong bid for support from Hispanic-Americans, historically part of the Democrats' constituency.

Attorney General Smith vigorously denied that a veto was planned and pressed for House action on the measure, which the Senate approved in May.

C. Anson Franklin, a White House spokesman, also denied that the president intended to veto the bill.

Order Opening U.S. Files to De Lorean Is Overruled by Federal Appeals Court

New York Times Service

LOS ANGELES — A federal appeals court has decided unanimously to overturn a lower-court ruling that had granted John Z. De Lorean access to government files in preparing his courtroom defense against drug-trafficking charges. The ruling was viewed as a severe setback for Mr. De Lorean.

The U.S. Court of Appeals for the Ninth Circuit, ruling in favor of a government appeal, said Friday that the U.S. District Court in Los Angeles had erred in ordering agencies to comply with the federal Freedom of Information Act in granting access to the documents.

It said the lower-court decision, which had allowed access to far

more government information than normally allowed under the federal rules of evidence, would penalize the prosecution by forcing it to spend time reviewing the documents.

Mr. De Lorean's lawyers said they would petition for a rehearing by the appellate bench.

Mr. De Lorean, a former General Motors executive who gained a reputation as an industry maverick, has been indicted for conspiracy. He is charged with involvement in a scheme to import up to \$60 million in cocaine from Colombia. Government lawyers say he entered the scheme in an attempt to rescue his company, De Lorean Motor Cars Ltd., from bankruptcy.

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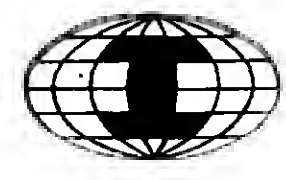
INTERTANKO congratulates IMO

On October 1983 the International Convention for the Prevention of Marine Pollution from Ships, 1973, MARPOL, entered into force. This is a breakthrough for improved protection of the marine environment achieved by the persistent efforts of the International Maritime Organisation, IMO.

INTERTANKO, the International Association of Independent Tanker Owners, congratulates IMO on this achievement.

A number of oil importing countries will now require compliance with the safety rules for ships calling at their ports. The effect of MARPOL will increase with wider ratification, in particular by the oil exporting countries.

INTERTANKO appeals to major oil exporting countries, such as Saudi Arabia, Iran, and Mexico, to ratify MARPOL to enhance a cleaner marine environment.



INTERNATIONAL ASSOCIATION
OF INDEPENDENT TANKER OWNERS (INTERTANKO)

P.O. Box 1452 — Vikta, Radhusgaten 25, Oslo 1, Norway
Telephone: (47 2) 41 60 80 Telex: 19751 ITANK N

Soviet Rocket Said to Explode; Crew Survives

By Thomas O'Toole

Washington Post Service

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U.S. Using Emigrés in Soviet Study

By Murray Marder

Washington Post Service

WASHINGTON — An exceptional five-year, \$7.5-million research project on the Soviet Union, conducted by academics with federal financing, has been disclosed publicly, two years after it was launched with great confidentiality to preserve its objectivity.

The study, outlined by officials Thursday, taps what many specialists regard as one of the deepest wells of information on the Soviet Union available in the West, the more than 250,000 Soviet citizens who have emigrated since 1970.

About 130,000 of them reached the United States. They are the prime source of data being examined for the first time to seek answers to these broad questions:

• How does the Soviet system work?

• How do Soviet citizens work the system?

• What is the Soviet system's future?

Project spokesmen said that about 85 percent of these Soviet emigrés were statistically classed as Jewish, although many were only nominally Jewish or non-Jews in mixed marriages or children of such marriages. Ten percent were Armenian and the remainder of other ethnic origin.

From this pool of emigrés, 2,800 have been selected for interviews, to minimize bias caused by above-average education and income, skilled employment and ethnic background.

In the early 1950s, Harvard University sponsored a successful project that drew on Soviet Armenian emigrés. Broader opportunities were created by the surge of Soviet emigration that began in the late 1960s, peaked in 1979 and was severely curtailed after the U.S.-Soviet clash over the Soviet intervention in Afghanistan.

A U.S. attempt in 1972 to survey emigrés going

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Tending the Triangle

Even if it is an election-year stunt, it is good that President Reagan wants to visit China next April, finally to bless an important relationship that President Nixon reopened 12 years ago. But the stunt will be further cheapened if Mr. Reagan keeps begging the Chinese to turn it into an anti-Soviet rally. Dining in Beijing while barking at Moscow may seem clever to Washington, but it is the wrong approach to both communist powers.

China stands apart from the Soviets and often stands up to them, demonstrating a significant triumph of nationalism over communism. That independence roused Americans from their nightmare fantasy about an international communist conspiracy. When Ronald Reagan checks into a Beijing guest house, he will at last be checking out of the Taiwan-first lobby that used to strangle American diplomacy. When he toasts the present communist rulers, he will be saluting a new pragmatism in both China and the United States.

There are reasons enough to welcome the exchange of visits announced last Wednesday. But Mr. Reagan's approach to his trip risks diluting much of its diplomatic value.

Timing the visit as a major campaign media event is bound to make the Chinese exaggerate their importance in American political life. They must be doing that already, now that they have had to rebuff the importunings of Defense Secretary Caspar Weinberger to buy American weapons and join a "strategic" collaboration against the Soviet Union. Does no one in Washington nowadays understand the

freely independent "Third World" role the Chinese have chosen? Does someone think that selling them weapons would relax their resentment of arms sales to Taiwan?

There is something even more insensitive, and dangerous: Mr. Reagan's failure to follow Richard Nixon's example of simultaneously staying in touch with the Soviet leaders. By ignoring Mr. Nixon's advice to hold routine summits with the Soviets and the Chinese, Mr. Reagan has lost opportunities with both and misplayed the pivotal U.S. position in this triangle. A profound fear of China has long infected Soviet policy, even in times of crisis, it has kept Moscow desirous of warmer American ties. A vital interest, therefore, is to keep that channel open and never to confront Moscow with a hostile Chinese-American alliance.

Mr. Reagan's journey to China means that Americans have learned to distinguish between nationalism and communism. It means that America wants to pursue strong mutual interests despite sharp disagreements like those over Taiwan. And it means that meetings with communist leaders need not, as Mr. Reagan has asserted, await major new agreements.

A handshake and the communication it provokes at many levels of government are valuable in themselves. This can seem the wrong time for a like approach to Yuri Andropov, but, as with China, interest should restrain emotion. On the path to Beijing, Mr. Reagan should offer to visit Moscow and urge regular, undramatic meetings with both regimes.

—THE NEW YORK TIMES

The Reagan Question

Will he run? That is a question people are asking all across America. And as the time goes by and no definitive answer is heard, another question is increasingly asked: When will he make his decision? You can get a lot of answers to that one.

The Republican national chairman, Frank Fahrenkopf, was assuring anyone listening back in March that Mr. Reagan's announcement of his plans could wait until July 4. But even that left him a little uneasy, when asked what would be a good time for the announcement, he said, "Tomorrow would be nice."

As late as May, Senator Paul Laxalt said that if he doesn't announce by July 4, "you can assume Reagan will run." But the president pointedly refused to return from his July 4 vacation in California via New Hampshire. July 4 came and went with no announcement.

So did August. That was when, according to one widely broadcast theory, Mr. Reagan would make his decision while vacationing at his ranch. There, the theory went, he would have time for relaxation and reflection, and perhaps most important, for consultation with Mrs. Reagan. But a meeting of political advisers scheduled for Aug. 21 in California was canceled. And since his return to Washington, Mr. Reagan has insisted publicly and, according to all accounts, privately that he still has not made his decision.

A White House aide told a Washington Post reporter last May that "it will be very apparent in September." Now it has become October, and Republicans are still edgy. The talk is that the decision will be announced some time this month — or maybe in November.

An exploratory committee may be set up this month; it would have to file with the Federal Election Commission, and within five days the president is required to file a letter authorizing the committee to raise and spend money in his behalf. But that will not necessarily be a declaration of candidacy.

White House aide Edwin Meese said last February that the president "really cannot go much beyond October," but the talk now is that he won't declare his intentions until after his trip to Asia in November.

The unvarnished truth is that there is really nothing forcing him to do so then. The primary schedule — the filing deadline for the Illinois primary is Dec. 30 — makes it difficult for him to postpone an announcement beyond the end of the year; so it is unlikely that Mr. Reagan will wait as long as President Eisenhower, who announced for a second term on Feb. 29, 1956. But in the meantime, Republicans — Reagan staffers who want him to run, as well as those who want to back one or another candidate if he doesn't — are getting nervous.

It is in their interest that Mr. Reagan announce his intentions now, but it is in his, whichever way he decides, to wait as long as he can. How long will that be? Let Senator Laxalt have the last word: "It would be helpful if he would announce before the convention."

—THE WASHINGTON POST

Other Opinion

Put Away the Megaphones

Barring a miracle, or an uncontrollable explosion of popular protest, the first of the new NATO intermediate-range nuclear weapons — scheduled to total 464 cruise missiles and 108 Pershing-2s — will be deployed in Western Europe before the end of this year.

Last week President Reagan offered fresh compromise proposals for consideration at the Geneva arms control talks. President Andropov spun them as "prattle." Vice President Bush hinted at an expansion of the agenda to include the British and French deterrents, and, with varying degrees of finality, Foreign Secretary Sir Geoffrey Howe, Prime Minister Mrs. Thatcher and France's President Mitterrand rejected any such idea.

For the moment, the intermediate nuclear force negotiations are effectively dead.

This result, though plainly disquieting, is not the end of the world. The arms race will now, at any rate temporarily, accelerate. If Mr. Andropov has really ruled out all possibility of talking to a Reagan administration, the period of danger we are facing could easily last not one but five years. But perhaps the INF breakdown may yet turn out to have been an essential prelude to a more positive accord.

The "two-track" decision was made on the presumption that the much larger SALT-2 agreement, concluded by Brezhnev and Carter, would be ratified, and that intermediate

weapons would then be discussed within the context of an even wider SALT-3, which would embrace all the awkward "grey" areas and neglected corners of the nuclear arsenal. Ultimately the choice is between negotiation and incineration. The challenge of 1984 and beyond, for the statesmen on both sides of the apocalypse, is to start re-cultivating the flower of safety. If that prospect is to offer any hope for real nuclear disarmament, the mutual bad-mouthing that has been going on in Moscow and Washington, with Mrs. Thatcher adding her own scolding contribution, must diminish. Rhetoric kills no one. But whatever its origin it can certainly breed hostility and mistrust, and to that extent prejudice the future. Both sides should put away their megaphones.

—The Sunday Times (London)

A Two-Man Democratic Race?

For those who think it's too early to start choosing the Democratic presidential candidate, you're wrong: It's almost too late. Barring a sudden pratfall by Walter Mondale or John Glenn, no one else has much of a chance. Alan Cranston, the California liberal who hails from the biggest state and has a collar on the most galvanizing issue of the season, the nuclear freeze, has to show something early if he is to stem the prevailing opinion that '84 is a two-man race between Mondale and Glenn.

—David Nyhan in the Boston Globe

Outside Players and the Iran-Iraq War

By Flora Lewis

PARIS — The three-year-old war between Iran and Iraq is reaching a point of new complexity. It could involve the U.S. Navy and Marines far more dangerously than in Lebanon, at a time when both are tightly stretched. It would cause grave new tensions with the Soviets.

The immediate critical issue is whether France will send Iraq five Super-Exocet planes with Exocet missiles of the type that sank a British warship in the Falklands war. Iraq already has some Exocets, but they are made to be launched from ships and are not as effective for the purpose. It wants the planes and air-launched missiles so it can threaten to shut down Iran's oil exports if the war is not quickly settled.

Iran has threatened to block the Straits of Hormuz and shut off all oil from the West if Iraq cuts off its petrodollars. The United States has said it is "determined" to safeguard passage through the straits, the bottleneck for the world's supply of Gulf oil. Washington is worried that the series of threats, meant as reciprocal deterrents, will go off like a string of firecrackers if France delivers on its promise.

Paris is hesitating. Iraqi crews have completed training in Brittany. The French don't want to renege on the deal for fear it will destroy their commercial credibility in the Arab world, and because Iraq owes them about \$4 billion that they hope to recover in oil if the war ever ends.

The story is another tale of disastrous miscalculation. Mistakes can be traced far back, but the war itself is a convenient point of reference. Iraq's Saddam Hussein started in an attempt to overthrow the Khomenei regime, which was trying to provoke a fundamentalist revolution in Iraq. Whether there were secret understandings

with the United States or France is not known.

The effort boomeranged. It helped the Iranian mullahs consolidate their power in a surge of patriotism. Syria's president, with whom the United States has a nearly open confrontation in Lebanon, saw a chance to get rid of his old enemy in Baghdad. He sided with Iran, and cut the pipeline that used to carry Iraq's oil to the Mediterranean. That, plus Iranian guns covering Iraq's narrow access to the Gulf, just about dried up Iraq's oil earnings. The country has been existing, and fighting, on subsidies from the Gulf emirates and Saudi Arabia, who fear Ayatollah Khomeini's influence on their own subjects.

They have put up \$25 billion so far, but now they are closing the faucet and warning Iraq that they won't go on indefinitely. The fall in oil prices has eroded their generosity, or willingness and ability to pay such high protection money, as one may choose to put it.

The Iraqis told France they could not hold much longer and needed a decisive weapon to force Iran to end the war with negotiations. The French foolishly bought what looked like an easy way out, to provide the witherproof for a bluff.

Now they suddenly realize that the ayatollah cannot be bluffed easily and that they have no sure way to prevent Iraq from using the arms. They are thinking of shipping the planes in pieces, fulfilling their contract but delaying Iraq's capacity to use them. It would only stall the crisis and make everybody mad at France — Iraq and the United States as well as Iran. Thus do devious means to carry out good intentions —

do good business at the same time — lead nations into terrible boxes.

Israel, along with all the Gulf states, is watching apprehensively. While Jerusalem would not like Ayatollah Khomeini to win, it sees an Iraqi victory as the greater long-term danger. It is urging the United States to put pressure on France to break the contract.

This is where all kinds of unforeseen linkages come in. France and the United States have some agreements and some quarrels at the moment. Washington's attempt to break the European gas pipeline deal with Moscow still rumbles in Paris. The aggressive turn in Soviet-American relations makes this a particularly risky time for a U.S. use of force in the Gulf.

Hard-liners in America can shut their eyes to everything but U.S.-Soviet rivalry, but the rest of the world goes on piling up real booby traps even if they refuse to notice.

The United States has leaned heavily on the Saudis to help them recover from blind-man's-buff diplomacy after the Israeli invasion of Lebanon. There are narrow limits to Saudi influence. Now Saudis must fear military escalation on their doorstep, interruption of their oil shipments, a risky shift in the regional power balance. The last thing they want is direct U.S. or Soviet involvement in the Iran-Iraq war.

The fact is that nobody but the participants wants either side to win. But everybody is getting dragged in by other ties. It is in both Soviet and U.S. interest not to let this powder keg blow up. That is one more reason why it is bad to rely on simple sentiment, whether blissful wish or hatred, for the fate of this world.

The New York Times

Democracy: Consensus and Pressures for Reform

By William L. Morrison

STRASBOURG — As demands change, an institution must either adapt or disintegrate. The question today is not whether institutions of the democratic state are too powerful, but whether in the modern economy they have become impotent.

Governments are failing to govern effectively. There is a disenchantment to which we as politicians have contributed. In the 1930s such disenchantment fostered the rise of the populist and the demagogue, and destruction of the democratic process.

For generations the focus of Western political thought has been directed to limiting the power of the state, on the assumption that it was the main threat to individual liberty. An elaborate structure of checks and balances was put in place to ensure accountability. The nongovernmental sector was deliberately left free of impediments; no need was seen to require of it the same accountability attaching to government power.

In recent times, increasing demands have been made on governments to compensate for the inadequacies of the private sector. Even the loudest champions of private enterprise accept the safety-net function of modern government. Yet efforts by government to intervene more positively in the economy bring cries about governmental interference.

History shows that representative institutions, an independent judiciary and a democratic ethos are part of a process — a continuing process — rather than a static achievement. The process moves by stages, dependent upon the pressures exerted.

sential to democratic procedures, as distinct from those associated with democracy by tradition?

We should not fail to recognize that there is an imbalanced relationship between human rights and economic well-being. I would contest the view that the essential link of democracy is much less with material well-being than with fundamental human dignity.



A Swedish Idea That Looks Dangerous

By Alan S. Blinder

PRINCETON, New Jersey — In the 1950s and '60s, Sweden served as a beacon to liberals — a model that showed that the welfare state could afford after all he don't right.

The achievements of the Swedish economy were indeed impressive. By the early 1970s Sweden had become one of the richest nations on Earth. And it had accomplished this while developing an extensive web of social welfare programs which in turn helped make Swedish income distribution one of the most equal in the world. Furthermore, apparently successful applications of monetary and fiscal policy had tamed the business cycle and made Sweden a land of perpetually low unemployment.

All this was accomplished within a framework that was capitalist rather than socialist; public ownership of industry was and remains rare in Sweden. The only apparent price the Swedes paid for all these gains was a somewhat higher rate of inflation. It averaged 4.4 percent between 1950 and 1970, compared to 2.4 percent in the United States.

Things started to turn sour in the '70s. Aggressive unions pushed wages well beyond the ability of industry to pay. Profitability, investment and industrial production suffered. Unemployment was prevented from rising sharply only by a variety of subsidies, retraining programs, public employment and early retirement.

At the same time, the public sector, which was already large by 1970, expanded rapidly. Today government spending exceeds 70 percent of GNP (versus about 35 percent in the United States). To finance all this spending, tax increases were necessary.

A typical Swedish worker now pays income and payroll taxes at marginal rates that approach 80 percent, and a national sales tax of about 20 percent on most purchases. The budget deficit is huge anyway.

There is no general agreement among Swedes that their economy is in a state of crisis and that something has to be done. But what?

Among the most controversial issues in Swedish politics today is a proposal whose outcome could well determine whether Sweden continues its tradition of decentralized capitalism or turns toward collectivism. During the 1982 Swedish elections the victorious Social Democrats promised to institute "wage-earner funds." These would receive revenues from new taxes and use them to purchase stock in Swedish industry. The funds would be controlled by a few governing boards which would in turn be likely to be controlled by the supposed general interest merely mask the promotion of certain interests at the expense of others.

In this sense, institutions in a pluralist society can be evaluated in terms of their capabilities of resolving conflict. We have to distinguish the superstructure of democracy from the essential foundations.

Are political parties, as we know them, a sufficient component of democracy? What institutions are es-

ential to democratic procedures, as distinct from those associated with democracy by tradition?

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Governments are failing to govern effectively. There is a disenchantment to which we as politicians have contributed. In the 1930s such disenchantment fostered the rise of the populist and the demagogue, and destruction of the democratic process.

For generations the focus of Western political thought has been directed to limiting the power of the state, on the assumption that it was the main threat to individual liberty. An elaborate structure of checks and balances was put in place to ensure accountability. The nongovernmental sector was deliberately left free of impediments; no need was seen to require of it the same accountability attaching to government power.

In recent times, increasing demands have been made on governments to compensate for the inadequacies of the private sector. Even the loudest champions of private enterprise accept the safety-net function of modern government. Yet efforts by government to intervene more positively in the economy bring cries about governmental interference.

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used to purchase common stock; the trust fund would acquire a controlling interest in most American corporations quicker than you could say "Ingmar Bergman."

Can politics be kept out of the management of a public fund this large? The question answers itself. And any remote possibility for non-political management would be even smaller if the second proposal — industrial policy — were to be implemented. Industrial policy means different things to different people, but one common element is surely public control — to wit, political — influence over the allocation of capital.

In some versions, industrial policy means steering society's resources to new and, it is hoped, burgeoning industries — "picking winners." In others, industrial policy means shoring up aging and sometimes failing industries — "backing losers." In either case, fortunes will be made or lost, and millions of jobs created or destroyed, according to decisions made by whoever runs the industrial policy.

Try to imagine an Industrial Policy Board, sitting in Washington, charged with the responsibility of making the American economy perform better and knowing that the managers of the Social Security Trust Fund sit just a few blocks away, owning the entire New York Stock Exchange. The political pressures on the fund managers would be extraordinary. Only a saint could be expected to remain objective and impartial.

The writer, a professor of economics at Princeton University, contributed this comment to The Washington Post.

LETTERS TO THE EDITOR

After Benigno Aquino

Regarding "Marchers Ask Marcos Resignation" (H/T, Sept. 17):

It is significant that the demonstrators who died up the Makabak financial district in Manila with their demands for an impartial investigation into the ruthless murder of opposition leader Benigno Aquino came from that most browniehearted sector in the Philippines: businessmen.

Over the years, the vulnerability of Filipino businessmen to the political squeeze has produced a tradition of collaboration with whoever was in power: Spanish or American colonizers, Japanese invaders, Filipino oligarchs — and now local generals.

But the Marcos regime perfected the political squeeze into a science.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

Not only did it exact political subversion and financial tribute; the regime and its cronies also cut themselves into the action — as can be seen now in the demands for boycotts of banks, hotels, newspapers, public utilities, cigarette and alcohol products and other business allegedly controlled by Marcos & Co.

The *wea lechera* (milk cow) has apparently had enough.

Foreign business in the Philippines is dominated by U.S. companies. And the first organization to jump forward and endorse martial law in 1972 was the American Chamber of Commerce. This may not indicate the finest sensitivity to civil liberties, or to the etiquette of guest status. Yet the United States should prepare not to be caught off base, as happened with the Shah in Iran.

Mr. Aquino had come back with an offer to help Mr. Marcos grope his way back to democratic ways. The offer was spurned in a bloody assassination while Mr. Aquino was in the custody of the Marcos government.

"He who sows the wind," as the old saying goes, "will reap the whirlwind." As a longtime Manila resi-

The Powers Are Wrong To Dally

By James Reston

UNITED NATIONS — There is a tendency at the United Nations to believe Yuri Andropov has abandoned hope of reaching a compromise on nuclear arms control with Ronald Reagan and will therefore wait and maneuver for a change of administration in Washington.

If so, this may be the worst idea the Soviets have had since they shot down the South Korean plane.

There are more than 400 days until the U.S. presidential election of 1984, and time is not on the side of compromise or common sense.

Every few days, while Mr. Reagan, Mr. Andropov and others exchange insults, the technicians on both sides add one or two more nuclear missiles to their arsenals.

In a private conversation with a few reporters the other day, President Francois Mitterrand of France deplored the "politics of passion." And he reminded the UN General Assembly that each of the two superpowers has a nuclear system of 2,000 to 3,000 launchers, carrying 8,000 to 9,000 nuclear warheads, with which to "reach and destroy each other seven or eight times over." That, he thought, was more than enough.

As to the theory that things will get better if Washington and Moscow only wait for new and more sensible leaders to come to power, this is an illusion unsupported by history.

Maybe there was something to it in the period between Stalin and Nikita Khrushchev, but, since then, not much. Washington waited for a long time, watching the decline of Leonid Brezhnev's health and hoping that maybe a new generation, better educated and informed about the West, just might believe that the two major nuclear powers had more to gain by cooperation than by confrontation.

If anything, things have become worse, and the troubling silence of Mr. Andropov during most of the Korean plane controversy has raised doubt about whether he is commanding the military or vice versa.

As to the idle chatter in the UN delegates' lounge about the Soviets trying to influence the coming U.S. presidential election, nothing could be sillier. When the Soviets have tried to fiddle with public opinion in democratic elections, knowing so little about it, they have failed — most recently in the West German elections. Obviously, the more they tried to defeat Mr. Reagan by opposing him and waiting for somebody else, the more they would provoke him to run and assure his re-election.

Fortunately, there are one or two signs of caution on both sides. In his UN speech Mr. Reagan made a few amendments to his original nuclear proposals, saying: "The door to an agreement is open. It is time for the Soviet Union to walk through it."

Mr. Andropov, in reply, resented Mr. Reagan's "malicious attacks" on the Soviet Union but did not slam the door. "We do not base our policy on emotions," he said, and concluded that the arms race could still be brought under control.

But time is an important factor. There are only a few weeks for negotiations at Geneva before the United States will be deploying cruise and Pershing-2 missiles in West Germany, Britain and Italy.

Also, coming into the last quarter of the year, before the presidential election campaign begins in earnest early in 1984, there is just a brief chance now for serious negotiations. The atmosphere is not good, but it will be harder to reach accommodation after both sides put more missiles closer to one another, and after the election of a new campaign starts.

The White House seemed to recognize the danger of lingering into a renewal of the Cold War. It did not ignore Mr. Andropov's suggestion of Mr. Reagan's "open door" proposal, but declared: "While we disagree profoundly on the way human society should be organized... we know that we must live on the same planet and that peace is imperative to mankind if it is to survive."

So we shall see in the short time left before the missiles are moved closer to one another whether the Soviets are going to negotiate or instead wait for the next election.

Everything that can be said by Moscow and Washington against one another has been said a little while ago, and a change of administration would not be expected to produce more weapons and the presidential candidates take over.

The New York Times

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مركز النيل

Argentina Sets Trade Curbs, Halts Issue of Import Permits

Compiled by Our Staff From Dispatches
BUENOS AIRES—Argentina's military government has imposed emergency foreign exchange controls and suspended the issue of new import licenses as a result of the country's external debt.

The Ministry of the Economy announced Friday that the central bank had suspended automatic payment of foreign exchange for all types of debt.

It added that the government had suspended the issue of new import licenses until further notice and had ordered that existing licenses be renewed by the Trade Secretariat.

Foreign exchange allowances for travelers have also been suspended, the ministry said.

The measures were taken to protect Argentina's foreign exchange

position in view of the external debt crisis, it added.

Negotiations to reschedule Argentina's \$39-billion external debt were severely compromised last week, after a federal judge ordered the government to postpone steps to refinance \$9 billion in public-sector debt while he investigated the legality of a proposed agreement with Argentina's creditors.

Foreign creditor banks responded by delaying payment of \$300 million in fresh credit, causing the country's foreign exchange reserves to dwindle more quickly than had been forecast, government sources said.

The government appealed the decision, which has effectively blocked the signing of debt refinancing agreements by about 60 public-sector agencies. An adviser

from the Ministry of the Economy and two Central Bank lawyers traveled Friday to the offices of the judge, Federico Pinto Kramer, in Rio Gallegos, 1,850 miles (3,000 kilometers) south of Buenos Aires, to deliver the appeal, local news reports said.

But Judge Pinto Kramer said in a telephone interview with United Press International on Friday that he may order the arrest of top officials if an investigation he is conducting shows that they had agreed to terms that threaten Argentina's sovereignty.

"What I have in my hands is a criminal case, not a civil case, and so there could be some detentions," Judge Pinto Kramer said.

The terms include a provision allowing creditors to lay claim to

overseas assets owned by the companies involved in the debt refinancing, even if only one of them defaulted on loan payments. They also call for U.S. courts to gain priority over Argentine courts in cases of nonpayment.

The judge said he was studying the legality of government copies of the documents pertaining to the renegotiation of \$220 million owed by Aerolineas Argentinas, the state airline. The agreements with the 60 public-sector agencies are said to be patterned closely after that renegotiation, which officials signed on Sept. 16.

Because of Judge Pinto Kramer's suspension of the agreements, Argentina's foreign creditor banks have delayed releasing the first \$500 million of a new \$1.5-billion loan to the government until Oct.

17. Payment was originally due to have taken place last week.

The minister of the economy, Jorge Wehbe, told UPI in a telephone interview from Washington, where he was participating in the annual meeting of the International Monetary Fund, that Judge Pinto Kramer's ruling had "paralyzed" his efforts to renegotiate an additional estimated \$3 billion in government-held debt that falls due by the end of the year.

Meanwhile, reacting to the new foreign exchange controls, local economists said the measures almost certainly presaged a partial or total suspension of interest payments on foreign debt when the banks reopened on Monday.

Argentina cleared a heavy backlog of interest payments on its public-sector foreign debt in August

and banking sources said it was broadly up to date with interest payments at present.

The economists also said that, although the government had announced a blanket ban on new import licenses, some new permits would probably still be approved to prevent the economy from stagnating.

They added that the emergency measures are likely to remain in force until after elections scheduled for Oct. 30.

In mid-October, Argentina is due to draw a new \$300-million installment on a standby credit from the IMF.

But at the same time the country will have to repay \$600 million of a \$1.1-billion bridging loan raised by its creditor banks in January.

Colleagues Pick Up Trail of Slain Salvadoran Rights Activist

By Iain Guest
International Herald Tribune

GENEVA—Just before dawn last March 14, a group of 21 men, women and children ran into a Salvadoran Army patrol about 15 miles (24 kilometers) northeast of San Salvador. All except one were killed in the gunfire that followed.

There is still no word of what happened, but it is not for the first time that one of the victims was Mariannella Garcia Villas, the 36-year-old president of the Salvadoran Human Rights Commission.

Mrs. Garcia Villas was well-known abroad, particularly in Europe, where she had received several awards for her human rights work.

She had been working for a month inside one of the areas controlled by the guerrillas, investigating charges that the army had used chemical weapons against civilians and also observing the conduct of the guerrillas.

There are two versions of the time in which her quest came to its brutal end.

According to Salvadoran government communiques, Mrs. Garcia Villas was a guerrilla and she was killed by the first rounds of gunfire.

But according to several members of the international human rights network, she was wounded, taken off in an army helicopter to a military school and tortured to death.

This second version was published here in detail recently by Adrian Zoller, the Geneva representative of the independent Catholic peace organization Pax Christi.

Mrs. Garcia Villas was one of Pax Christi's two representatives in Central America, but Mr. Zoller said his research, including a trip to Central America, had also been



Mariannella Garcia Villas

prompted by the fact that he had known her personally.

"She is in danger of becoming a myth," he said in an interview.

Mrs. Garcia Villas's work was a grim and often dangerous effort to get to the bottom of the many killings and "disappearances" that characterized the civil war in El Salvador.

She would travel around her country to photograph the bodies of those who had been slain, interview witnesses and inquire at morgues, including the one where her own body would later be displayed.

Between 1979 and 1982 her commission drew up files on 43,337 alleged assassinations, almost all of which were blamed on rightist death squads said to be operating in the shadow of the Salvadoran government.

This information was largely responsible for the government being

publicly labeled a violator of human rights by the UN Human Rights Commission in 1981 and 1982, and also for it being repeatedly criticized by a special UN working group on persons who had disappeared.

Mrs. Garcia Villas joined the Christian Democratic Party in 1969, and between 1974 and 1976 served as a deputy in the Salvadoran assembly. In 1979, she left the Christian Democrats to work on the human rights commission that she had formed the previous year with seven colleagues.

When her parents were threatened in the summer of 1980, she moved to Mexico City to set up an office.

In 1981 and 1982, Mrs. Garcia Villas travelled to Spain, where she was decorated by the queen and hailed by human rights activists. Her organization was nominated for the Nobel Peace Prize.

But back in Central America, according to Mr. Zoller, Mrs. Garcia Villas's colleagues in San Salvador looked on her glamorous life with increasing resentment as they got on with the dirty, difficult work of investigating death and torture.

Upon her return to Mexico, Mrs. Garcia Villas grew increasingly concerned with the decline in quality and regularity of information coming from El Salvador, and also with reports that the commission had been infiltrated by leftist guerrillas.

The picture that emerged at the start of 1983, Mr. Zoller said, was that of a woman under pressure, her credibility as a human rights investigator questioned and her ties with her colleagues greatly strained.

Shrugging off warnings from friends, Mrs. Garcia Villas determined to regain the initiative with a dramatic new inquiry based on

first-hand evidence, Mr. Zoller said.

She arrived in San Salvador in early February. Initially, her colleagues at the commission refused even to let her enter the premises. They then had a series of intense meetings trying to thrash out their differences, but without success.

Mrs. Garcia Villas left the capital around mid-February for the second stage of her journey.

From this point on, the story becomes disjointed.

The one certain marker is provided by a Swedish journalist, Monica Zak, 43, who met and interviewed Mrs. Garcia Villas on Feb. 28 while working on a book in the guerrilla-held territory around Guazapa volcano.

Shagari Vows 'Efficiency' For 2d Term

By Clifford D. May
New York Times Service

LAGOS—Shehu Shagari, who became Nigeria's first elected president when 13 years of military rule ended in 1979, has been inaugurated for a second term.

In his inauguration address Saturday, Mr. Shagari said the past four years had brought Nigeria peace and stability. The task for the new administration, he said, "will no more involve erection of a system but rather to ensure an efficient working of that system."

He said Nigeria's election was "a demonstration that Africans are capable of establishing their own government under the democratic process of a multiparty system."

The main concern of his new administration, he said, would be "prudent management of the nation's economy."

The inauguration was combined with celebrations of the 23rd anniversary of Nigeria's independence from British rule, and many of the rituals and festivities were distinctly reminiscent of the colonial past.

Mr. Shagari was escorted into the stadium at Lagos's Tafawa Balewa Square by mounted policemen in red jackets and white helmets. The oath of office was administered by a bejeweled and robed chief justice.

Mr. Shagari, who was dressed in the traditional flowing cotton garb of northern Nigeria, received 21-gun salutes and "three hearty cheers" from representatives of all branches of the military. Tanks, cannon, armored vehicles and other imported military equipment were displayed in the stadium.

Fighter jets roared through the skies in close formation.

The crowd of about 7,000 did not quite fill the stadium. The leaders of several opposition parties had urged their followers to boycott the inauguration, charging that Mr. Shagari had won re-election through voting fraud. No violence was reported.

The Supreme Court on Thursday unanimously dismissed as "not serious" a challenge to Mr. Shagari's victory.

In the election, which began in early August, Mr. Shagari defeated his closest rival by more than four million votes, and his National Party of Nigeria took a decisive lead in both the Senate and the House of Representatives. The margin of victory has given rise to debate over whether the country might be heading toward a one-party system.

"The president would not favor that," said Vice President Alex Ekwueme, who was also sworn in for a second term Saturday. "He doesn't have a dictatorial style. But I think the other parties will need to merge or reorganize to form a more viable opposition."

The cabinet is preparing to select prime ministers and special advisers, and on Friday, as requested by Mr. Shagari, all senior political appointees submitted their resignations.

"Only about 25 percent of those people will be back in the new administration," Mr. Ekwueme said.

In a separate National Day radio broadcast, Mr. Shagari acknowledged Nigeria's economic situation "is still far from normal." He said that because of worldwide recession, oil exports — Nigeria's only significant source of foreign exchange — dropped from \$2.4 billion in 1980 to an estimated \$9.6 billion in 1983.

He said that in response, Nigeria "shall only undertake such new projects as are exceptionally productive and will lead to diversification of the economy."

Before her meeting with Ms. Zak, Mrs. Garcia Villas had spent two weeks traveling around villages collecting photographs and interviews.

"She was talking, talking, talking," recalled Ms. Zak in a recent telephone interview from Stockholm. "She only had one shirt and one pair of trousers, but she was so enthusiastic."

Ms. Zak said that Mrs. Garcia Villas told her she had uncovered no signs of rights violations by the guerrillas, but that she had found and photographed clear evidence of the use of napalm by the army.

The two women arranged to meet the following day, but an intense aerial bombardment began. Ms. Zak was quickly hustled out of the area with guerrilla leaders, and she never again saw Mrs. Garcia Villas.

According to the first reports reaching Geneva, Mrs. Garcia Villas was trying to escape the attack with a group of peasants when they were ambushed. Mr. Zoller said that one person survived, a witness who has been named by others as Ana Lucia Rodriguez.

The witness was later interviewed by lawyers from the office of El Salvador's Roman Catholic archbishop, Arturo Rivera y Damas.

They concluded that Mrs. Garcia Villas had been wounded in the initial burst of gunfire, but that she had kept running until she was caught by soldiers.

The witness said that she had seen Mrs. Garcia Villas taken away in a helicopter.

The army has said that a helicopter arrived on the scene early on Monday morning and took Mrs. Garcia Villas's body to the military school.

Later that day, her body was transferred to the military hospital where, Monday evening, it was inspected and photographed by three police detectives.

A second report was made Wednesday by a government official who examined the body.

These first two reports agreed that Mrs. Garcia Villas's body showed "signs of violence" other than the bullet wounds. The second of these reports stated that the bullet wounds had been "the natural and direct cause of her death."

On Wednesday, the body was moved to the city morgue. Archbishop Rivera y Damas sent over two of his staff to view the body. They also wrote a report.

These officials were later quoted as having decided that Mrs. Garcia Villas had been tortured, a conclusion that was also suggested by their report, which pointedly avoided specifying a cause of death.

Mr. Zoller noted that in addition to the bullet wounds, photographs in the morgue appeared to show that both her legs had been broken in the same place below the knees and the left shoulder wrenched from its socket.

Mr. Zoller also pointed to numerous contradictions in government communiques that were issued by the Salvadoran Army following Mrs. Garcia Villas's death.

Initial government reports said that the dead woman was a foreign journalist. It was not until the third communiqué, on Tuesday afternoon, that she was identified as Mariannella Garcia Villas. It said that she had been a guerrilla operating under the name "Comandante Lucia."

Human rights activists say the Salvadoran government, once it realized it had killed one of its most persistent critics, took advantage of her presence in guerrilla-held territory to smear her reputation.

"She tried to get at the truth — and paid for it," Mr. Zoller said.

and banking sources said it was broadly up to date with interest payments at present.

The economists also said that, although the government had announced a blanket ban on new import licenses, some new permits would probably still be approved to prevent the economy from stagnating.

They added that the emergency measures are likely to remain in force until after elections scheduled for Oct. 30.

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NUCLEAR PROTEST — Demonstrators in the Japanese port of Sasebo met the Carl Vinson, a U.S. nuclear-powered aircraft carrier, on Sunday with boats bearing anti-nuclear slogans. Protests also were held on shore.

U.S. Should Shun Force In a Gulf Crisis, Zia Says

By Fred Hiatt
Washington Post Service

ISLAMABAD, Pakistan — The United States is mistaken to rely on military force to maintain access to Arab oil, according to President Mohammed Zia ul-Haq.

Defense Secretary Caspar W. Weinberger, who was in Pakistan for a two-day visit, has supported a buildup of the U.S. Rapid Deployment Force so that the United States could airlift troops to the Gulf if a crisis threatened Western oil supplies. General Zia, speaking Saturday with American journalists traveling with Mr. Weinberger, said that such an intervention would be "very dicey" and suggested that it could cause the United States more trouble than the Soviet Union has faced in Afghanistan.

Mr. Weinberger arrived in Rome Sunday, Reuters said. He will meet Defense Minister Giovanni Spadolini and Foreign Minister Giulio Andreotti Monday.

On Saturday, Mr. Weinberger journeyed to the Khyber Pass to address about 1,000 Afghan refugees and "freedom fighters" in a refugee camp.

A representative of the refugees urgently requested anti-aircraft guns from the United States, which has not overtly helped arm the rebels. Mr. Weinberger responded to the request.

Mr. Weinberger came to Pakistan after a five-day visit to China to lend moral support to the Afghan fighters and their Pakistani supporters and to "nurture and strengthen" the U.S. military relationship with Pakistan, a major recipient of U.S. military aid.

Mr. Weinberger said the United States would provide "advanced weaponry" to Pakistan but did not specify what kind or say whether new arms sales were involved. The Associated Press reported.

General Zia is a strong supporter of the United States' anti-Soviet policies around the world, but he has also established close ties with Islamic movements in the Gulf region and elsewhere.

He said it would be a mistake for the United States to intervene, even if the Iranian-Iraqi war led to disruption of European and Japanese oil supplies.

Prime Minister Indira Gandhi said Sunday that India feels more threatened by Pakistan's U.S.-aided military forces than by the presence of the thousands of Soviet troops in nearby Afghanistan. The Associated Press reported from New York.

only that the United States "will do all that we can."

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LETTERS TO THE EDITOR

Military Thinking

It is difficult to keep clear of emotion after the downing of the South Korean airliner. Yet I presume that anybody who tries to do so will admit that the Russians were not out to kill 269 people. This horrifying blunder was the result of technical failures, human error and military incompetence and arrogance in an atmosphere of fear.

What the incident clearly shows is the danger of military thinking. This is particularly true within the Soviet system, of course, but it is also true elsewhere. But obviously the solution to the East-West conflict cannot be military.

LOUIS BOMER,
Zollikon, Switzerland

Flying Over Poland

Regarding "World War II Mission Honored" (IHT, Sept. 21): "Operation Frantic" was the code name for a whole series of operations flown by USAF bombers and fighters using Soviet bases, perhaps the most famous of which was at Poltava. The "Frantic" operations were flown by units based in Italy and were dedicated in the main to deep penetration missions in the Balkans. These included targets in eastern Romania beyond the well-known Ploesti objectives, for example.

The success down to the Polish Home Army in Warsaw was also provided by B-24 Liberators flown at night by Polish crews operating from the Foglia base in Italy. Liberators equipped with 205 Group RAF were also committed to these nighting flights from these bases; the air crews came from Australia, Canada, New Zealand and South Africa, as well as from Britain. Casualties were heavy.

The story of the epic Allied raids to aid the Polish allies is one of outstanding devotion and gallantry; as is that of the "Frantic" missions. The full story ought to be told, and I hope that as the 40th anniversary of the 1944 Warsaw uprising approaches, a worthy historian will take up the task.

I.P. MacDONALD,
Cambridge, England

Tolstoy vs. Tolstoy

Regarding "Tolstoy Families Are All Alike" (IHT, Sept. 9):

Does Count Nikolai Tolstoy really believe he would be enjoying his current publicity if it were not for the fact that people have another Tolstoy in mind — the one he cavalierly refers to as a musician from the junior branch of the family? There are hundreds of descendants of noble Russian families

who have interesting anecdotes to tell but who would never be published because their names are not Tolstoy. Would people rush to buy a family history of a Tolstob, an Osorgov, a Demidoff, a Sheremetyev? Yet those names are equally illustrious in Russian history.

But let us put the record straight. Nikolai Tolstoy was born in 1935, a good 15 years after the czarist regime toppled and the Russian nobility was abolished. So how could he be born a count?

How could he be a grandnephew when Tolstoy's grandchildren were born in the early 1900s, and his great grandchildren in the 1920s?

Moreover, the title of "count" was bestowed on the junior branch, and not on the senior branch which he purports to head. Peter Tolstoy, Leo's ancestor, was honored with the title by Catherine for services related to his father's reign.

One of our count had to do with the demise of the heir to the throne, Alexis, whom Peter Tolstoy persuaded to return after he had fled to Europe. Records which still exist at Yasnaya Polyana indicate that although Peter Tolstoy headed the committee which tried the unfortunate Alexis, he never signed the order that condemned him.

Extraneous scores with dancing girls that go on until the wee hours, and other eccentricities of the noble class, seem mindless in the present state of the world.

If a Tolstoy ought to be remembered, it should not be because he held a title but because Leo Tolstoy had the vision then — more than a hundred years ago — and the courage to react against inhumanity. That is what is remarkable. Apart from his writing talent, there was a very strong social message in his writings, including his published correspondence — notably his long exchange with Gandhi — and this message is as valid now as it was then.

Leo Tolstoy, whose name is belittled about so lightly nowadays, would have been the first to deplore Nikolai Tolstoy's kind of profit-seeking, titillating literature.

TATIANA TOLSTOY,
SERGE LOPOUKHINE,
DR. SERGE TOLSTOY,
VERA TOLSTOY,
ALEXANDRE TOLSTOY,
ALEXANDRA S. TOLSTOY.
Paris.

Operation Vulture: Who Prevented It?

Chalmers Roberts, in his review (IHT, July 1) of "The Sky World Fall" by John Prados, recalls "Operation Vulture" and official Washington's eagerness to plunge the United States into French Indochina after dropping three atomic bombs. Who got us into that mess in the first place?

Three decades of lawmakers, editorial writers and book publishers would seem to be in a conspiracy of silence, determined to keep that coffin battered. Only because other adventurism, notably in Central America, seems possible, is the lid even partly lifted.

Mr. Roberts and The Washington Post merit kudos for scooping the competition in recounting details of that hurried State Department meeting when John Foster Dulles (he said it was Ike's bidding) sought the support of key congressional leaders to grant the president emergency powers to drop those atomic bombs and save France's neck at Dienbienphu.

Who leaked the story to Mr. Roberts is unimportant; he told it well and later reports validated it. Moreover, no one has denied it.

Where Mr. Roberts seems to have gone astray is in his conclusion that Anthony Eden prevented Britain's support, the prime minister's support, the prime minister's support, the prime minister's support.

After hearing their condition, plus a fiery denunciation from Senator Richard Russell, Mr. Dulles sped over to the White House, got

like to write a personal plea "from your old wartime friend" and flew off to England to see Churchill. Sir Winston was shocked. No, Britain would not go along!

Sir Winston telephoned Eisenhower and told him to stop Operation Vulture at all costs. He instructed his ambassador in Washington to attend no meetings with Mr. Dulles about collective action in Southeast Asia, and he made certain Anthony Eden got the message. "Dulles lies to us," Churchill told Lord Moran, his confidant, surgeon and biographer.

Sir Winston's opinion of Eisenhower was hardly loftier. "He's really a brigadier," he answered when asked if Ike were qualified for the White House. He was contemptuous of Laniel's Paris government and suspicious of France's reasons for trying to hold on in Indochina. There is no evidence that he suspected the involvement of Saigon-Marseilles oil traffickers.

But Mr. Roberts and Mr. Prados agree with others privy to those events that it was General Matthew Ridgway, more than anyone else, who kept us out of the Indochinese disaster — at least for a while.

If war is too serious a matter to be entrusted to generals, peace is surely far too fragile in the clumsy clutch of politicians. Someday America will face up to the sad reality of Vietnam, and will be stronger for having done so.

ALBIN DEARING,
Perugia, Italy.

China Learns the Moves in Superpowers' Game

Beijing Asks Soviet Security Concessions and Rebuffs U.S. Military Alliance

By Bernard Gwertzman
New York Times Service

PORTUGAL

A SPECIAL REPORT

MONDAY, OCTOBER 3, 1983

Page 7

Soares Gets High Marks For Austerity Measures, Party Loses Strength

By Ken Pottinger

LISBON — Twice since democracy was restored in 1974 Portugal's best-known politician, Mario Soares, has been called upon to rule in the midst of an economic disaster.

Loved and hated in equal measure as a result, this right-of-center socialist has never been able to govern in terms of his party philosophy. The latest opinion polls, which reflect gloom and despondency over Portugal's economy and Mr. Soares's austerity measures, show a large drop in support for the 5-month-old government.

But Mr. Soares's personal standing remains high among the electorate for showing authority and conviction in his handling of the crisis. The pollsters say the Socialist's support, traditionally among both sides of the middle and older age groups in the main urban industrialized areas, has dropped about 10 points while the coalition's overall backing is about 28 percent lower than at the April ballot.

This is hardly surprising given the unpleasant legislative packages put forward throughout the summer. In rare public appearances ministers have stressed that benefits from the measures will only be felt around December 1984.

So far the Portuguese have not reacted totally negatively. But there is bitter opposition from the Communists and trade unions who have threatened a major offensive this month.

Portugal's Communists are firmly convinced, as Secretary-General Alvaro Cunhal made clear in an interview at the time of the revolution, that Western-style democracy will not work in this corner of southern Europe.

The Communists consistently poll between 18 percent and 20 percent of the national vote. They gain strength from organized labor and the high degree of mobilization they can achieve for industrial action in vital sectors.

Mr. Soares and Mr. Cunhal have been personal and political enemies since Mr. Soares called the country against the Communists eight years ago, having efforts to turn Portugal, a member of the North Atlantic Treaty Organization, into a Soviet satellite.

Although the Communists have long called for a union of the left as in France, their loyalty to Moscow, unique in Western Europe, has made them totally unacceptable to the Socialists.

As a counterforce to the party in power, the Communists are strong enough to be a serious irritant but they lack the necessary support to go further alone.

So it is that labor and the government's opponents prepare to test the strength and the resolve of Portugal's 15th post-revolutionary administration. Theoretically, the coalition, the most solid government to take office since 1974, has all the conditions to survive its full four-year term.

When conditions get tougher it can, as Brazil and other countries have done, blame the IMF. It can point out that the dramatic deterioration of the economy was caused by the cowardice of previous conservative administrations and it can appeal to a sense of national patriotism.

Earlier institutional difficulties between the head of state, General Antonio Ramalho Eanes of the army and the prime minister appear to have been ironed out. The power-sharing functions of the Portuguese constitution appear to be working smoothly, and the government's chances of survival would be assured except for some unruly Socialists and Social Democrats.

Recently the prime minister and his Social Democratic deputy, Carlos Mota Pinto, began a major effort to enforce party discipline, with some results among the Socialists, but less effect among the Social Democrats.

The factional fighting there might reflect detrimentally on the coalition. Mr. Mota Pinto's leadership of the party is not immediately in question but there are signs that he could be challenged later.

Mr. Soares admits it is no fun for a socialist to be in charge under the whip of the International Monetary Fund, especially when the crisis results from the mismanagement of others.

It is commonly accepted in Lisbon that the dramatic deterioration of the economy in the last two years leaves no alternative but harsh austerity and IMF guidance at least in the short term.

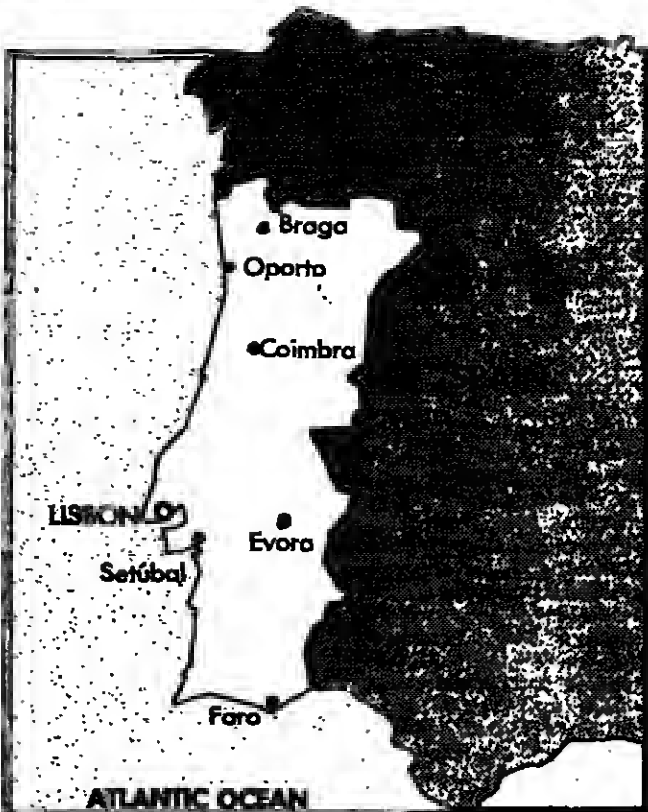
The best that Mr. Soares can hope for is the same miraculous turnaround in the debt figures managed by the Socialists before they went out of office in 1979. Austerity has been an overused word in Lisbon since 1974, but this time, the politicians are assuring their constituents, its meaning will become evident to all.

In a bid to underline the genuine severity of the situation some government officials have been calling the current crisis the worst of this century. Nevertheless, the center-right Socialist-Social Democratic coalition, elected on April 25 with a 174-seat parliamentary majority, has all the weight and authority necessary to implement harsh measures and control their social consequences.

It remains to be seen whether Mr. Soares and his 16-member cabinet have the political stamina to see the crisis through.

By all accounts, the austerity measures will start to be felt early in the

(Continued on Following Page)



Prime Minister Soares as he made his victory speech.

Government Sets High Priority On the Economy

By Axel Krause

LISBON — "Fortunately, this is not Lebanon; the only major problem is our economy, and right now there is no other path than austerity," said Mario Soares, Portugal's Socialist prime minister.

Faced with soaring inflation, heavy budget and trade deficits, threats of worker unrest and warnings from influential business and trade union circles that his policy contains major flaws, Mr. Soares, in his first interview since taking power last June, conceded that "the door we are trying to pass through is narrow."

He repeatedly emphasized, particularly in responding to the reports of threats and warnings about the weaknesses in his policy, that "I have no alternative; no one here has."

The goal of his center-left coalition government, he said, is to gradually modernize Portugal's relatively underdeveloped economy, marked by average annual per-capita income of about \$2,500. That is well below Greece and neighboring Spain, but ahead of Turkey. "For the time being, the Portuguese economy is still closer to North Africa than to industrial Europe," a senior Western diplomatic official said.

A key ingredient in the government's plan is long-delayed membership in the European Community, which, Mr. Soares said, will be moved ahead by the signing of the accession treaty with the EC, probably by next summer. He and other top officials in the government also talk of "Europeanizing" the economy, which will include support for expanding and reforming Portugal's stagnating and heavily nationalized agriculture and industry and encouraging private investments.

Reflecting the extreme caution of his closest financial advisers, however, and the determined, constraining pressures on expansion from the International Monetary Fund in Washington, the 58-year-old leader said: "We are beginning, just beginning to get a sense of ourselves; unlike those in power before us, we have taken on all the risks along with the challenges."

Portugal's immediate problem is complying with the tough terms of the IMF's 18-month standby agreement to lend Portugal \$480 million, which is to be formally approved by the IMF board soon and which is expected to be reviewed by the IMF early next year.

The funds, along with \$250 million in IMF special drawing rights — plus \$300 million in syndicated loans Portugal expects to raise in the European markets next month — will be earmarked for repaying loans and easing Portugal's chronic balance of payments deficit. The IMF has insisted that the deficit be cut to \$1.25 billion next year from \$3.2 billion in 1982, a level that, in the view of most observers, was moving the country toward a disastrous payments crisis. Most observers also agreed that the immediate monetary pressures have been eased.

"Things are improving already," said Manuel Jacinto Nunes, governor of the Bank of Portugal. He noted that exports have been rising this year and that imports have been falling and he predicted that the current-account deficit would fall to about \$2 billion this year. The improvement, he added, would materialize despite the present leveling off in remittances by several million recession-hit Portuguese workers living abroad.

(Continued on Following Page)

Frustration Mounts on EC Candidacy

LISBON — When speaking about Portugal's entry into the Common Market, government officials, from Prime Minister Mario Soares on down, reflect a sense of frustration and annoyance at the delays in the negotiations.

Some officials, including the prime minister, warn that Portugal will seek "other" solutions in its foreign economic relations if the negotiations with Brussels fail.

"We started pressing our demands in 1976 — before Spain — and we have completed negotiating 12 dossiers out of 15 and we are very impatient," said Antonio Maria, the government's chief negotiator for more than two years. Mr. Maria is chairman of Portugal's interministerial committee coordinating entry into the EC.

The three remaining issues — agriculture, fisheries and migration rules — could be resolved within a year, he said in an interview. He added, "We are very impatient, but not angry."

Indeed, Portuguese officials said that they are counting on signing the accession treaty by the middle of 1984. That would put Portugal ahead of Spain if, as is expected, the negotiations with Madrid drag into next year and possibly beyond.

Mr. Soares, referring to recent conversations with Spain's Prime Minister Felipe Gonzalez, said: "Gonzalez has assured me that he does not want to penalize Portugal. I think we will sign by next year."

If not, the Portuguese leader, who has been the driving force for integration into the community, expresses determination to seek alternatives. He regularly mentions developing closer, "other" ties with

the United States and possibly Japan.

"I do not want to become another state [of the United States], but new relationships could be developed with Washington if it is shown that the EC is unable to sign," Mr. Soares said. "I am completely serious about this."

Mr. Soares could raise the issue when he meets President Ronald Reagan and other U.S. officials during a visit to Washington that is being scheduled tentatively for the end of November or early December. Modernization of Portugal's armed forces and military bases also will be discussed, Portuguese officials said.

Diplomats in Lisbon say that Mr. Soares will be forced to continue pressuring European leaders to act on EC membership.

"There really isn't much choice, given the fact that our relations are already very strong in trade and other areas," a senior U.S. diplomat said, adding that Washington has always been a strong supporter of Portuguese membership in the 10-nation organization.

Few observers and government officials in Lisbon have any illusions about the difficulties. Portuguese membership is politically tied to Spain's candidacy and that in turn is complicated by opposition from French and Italian farm interests and by the broader, explosive issues of reforming the EC's Common Agricultural Policy and the financing of the EC in the years ahead.

According to some officials in Lisbon, the West German government fears that if Portugal signs before Spain, then those who are determined to resist Spanish farm and industry imports would press

to further postpone action on Spain's candidacy. "It would be a handy excuse," a senior Portuguese official said.

France, by contrast, is believed to be fearful that early action on Portugal could accelerate consideration of Spain.

It is widely believed in Lisbon that the remaining three issues could be advanced, but not resolved at the December summit of EC leaders in Athens. This means that the crucial decision on Portugal's membership will be handled after France takes over the presidency of the EC's council next year.

Given the underdeveloped state of Portuguese industry and the fact that it is not a net exporter of farm products (Portugal imports well over half its food requirements), it

is understandable that government officials emphasize the strategic and political importance of their country in relationship to EC membership.

They acknowledge that uncertainties surround the government's present austerity program and that political instability is possible if Mr. Soares fails to restore confidence in the economy, both at home and abroad.

"Common Market membership would help remove some of the doubts and questioning about our credibility," a senior government official said.

Membership also would help Portugal raise funds in European capital markets, according to Vitor Constancio, vice governor of the

(Continued on Following Page)

Why Second Republic Is Not Like First

By Douglas L. Wheeler

LISBON — The past seems always present in Portugal. This appears to be true for politics and government as well as for the visitor who views Portugal's many historic buildings and monuments, the symbols of a great but tragic past.

A nation almost 900 years old, Portugal has Europe's oldest unaltered borders, and its people cherish an inherent sense of the past. But history, as a subject of discussion, is not limited to academic debates over whether or not the Salazar-Castano dictatorship (1926-1974) was fascist, but is now a subject of intense interest that is related to the country's current political system, one of Europe's youngest democracies, the Second Republic, founded in 1974.

People long to discern in the patterns of history a clue to the future of this novice regime, which is suffering from a surfeit of elections, a bloated, inert bureaucracy, and an economy with staggering problems. Some observers suggest, simply, that in Portugal "history repeats itself" and that the Second Republic is simply a repetition of the First Republic (1910-1926). Western Europe's most unstable parliamentary regime.

If comparisons are made, they should be precise. The First Republic was the prologue to Western Europe's longest-surviving dictatorship, the New State (1926-1974), but knowledge of its history was distorted by dictatorial propaganda, censorship and myth, carefully designed to "prove" that the Portuguese people were unsuited to democratic government and required dictatorship.

The instability and public violence under the First Republic are indisputable. Governmental instability was severe: There were 45 governments in less than 16 years. Parliamentary instability was also severe. There were seven parliaments, four of which were dismissed by military coups and several by the mechanism that has been used by the current president of Portugal, dissolving parliaments and holding new elections with the hope (usually, in vain) of producing a vote that will allow stable majority governments. Presidential instability was also excessive. Eight presidents held office, but only one completed his term. One president was assassinated, two resigned "voluntarily" following military coups and two were elected by military coups.

Public violence and civil disorder were characteristic: 3,000 and possibly as many as 4,000 to 5,000 persons perished in civil strife and thousands more were injured. Military rebellions, bombings and shootings occurred regularly. As for the economy, from 1914 to 1924 the cost of living index rose 2,600 percent. During 1919 and 1920 there was a 400-percent currency devaluation and a high foreign debt. Participation in World War I exacerbated tensions.

Portugal's Second Republic, although troubled with a feeble economy, a surfeit of politics, resigning leaders and a lack of administrative continuity, has been less unstable than its often-discussed predecessor in several respects. While the First Republic had one new government every four months, the current system, with 15 governments in 9 years, has averaged one new government every nine months or so. But this average is deceptive. Two governments (under Prime Minister Mario Soares (1976-1978) and Francisco Pinto Balsemão (1981-1983)) remained in office more than two years each, and one, under the late Prime Minister Francisco Sá Carneiro, endured a year.

Again, parliamentary instability has been characteristic. Including the 1975-1976 constituent assembly, Portugal has had four assemblies of the republic. Except for the constituent assembly that completed its term, all have been dissolved by presidential order before the completion of full four-year terms, but none was dismissed by military coup.

The Second Republic has been marked by a low level of public violence and little terrorism.

While the First Republic was a parliamentary system, the Second Republic is a semi-presidential system. Presidential stability has been an important characteristic of this fledgling system. Since 1974 Portugal has had three presidents, all generals: Antonio Spínola, Francisco da Costa Gomes and Antonio Ramalho Eanes. General Eanes was elected to a first term in 1976 and completed his term. In December 1980 he was elected to a second consecutive term. By the constitution of 1976, revised in 1982, the president cannot serve a third consecutive term.

The results of the April 25, 1983, parliamentary elections confirm a consistent pattern: It has proved impossible for one party to gain by itself a sufficient number of votes and seats to maintain a strong majority in the assembly. Although the voting system favors coalitions, and al-

though coalitions have been constructed in order to hold majorities of seats, in Portuguese politics coalitions do not seem to last.

While Prime Minister Mario Soares (Socialist) has constructed a coalition with the Social Democrats in order to hold a majority of seats for a new government, prospects for this coalition's long survival appear to be slim.

The current Second Republic, despite its similarities to its ill-fated predecessor, has a number of advantages that suggest that the survival of democracy in Portugal has a reasonable chance. While there is a similar tendency for politicians to resign from office or party in the Second Republic, and we may cite Prime Minister Balsemão's sudden and enigmatic resignation in December 1982, and while governments are unstable, there are important differences between these political experiences.

The First Republic did not have a true, functioning multiparty system, but Portugal's young democracy today does have one. Heavy voter turnouts and broad appeals of party programs suggest that traditional factionalism and personalism are offset by a functioning party system.

While the Second Republic will have to make up its mind whether Portugal is to have a parliamentary or a presidential system, instead of a somewhat similar hybrid, it is also true that Portuguese democracy has made some important strides and that the national and international environment tend to favor the muddling through of a democratic system.

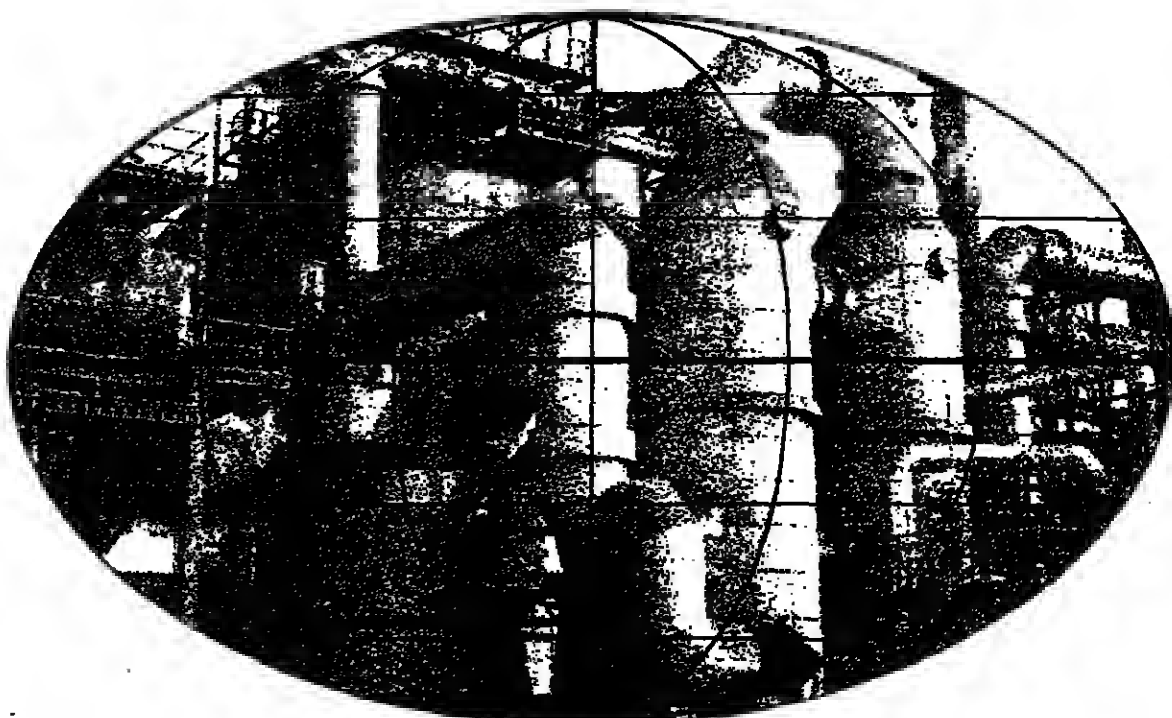
Positive factors are presidential stability, voter patience and persistence, hard-won civic freedoms of speech, assembly and press — freedoms that were much more limited under the First Republic — greater international diplomatic and economic support for the system's survival, and increasing professionalization of the armed forces. And, despite disillusionment with politics and politicians since 1974, the Portuguese public of 1983 is a more educated and more sophisticated public than that of 1910-1926.

The author, professor of modern history at the University of New Hampshire, is a specialist in Portuguese and Angolan affairs. He has been a consultant for the U.S. State Department, the Council on Foreign Affairs and a number of publications.

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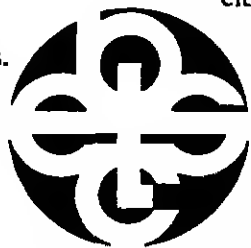
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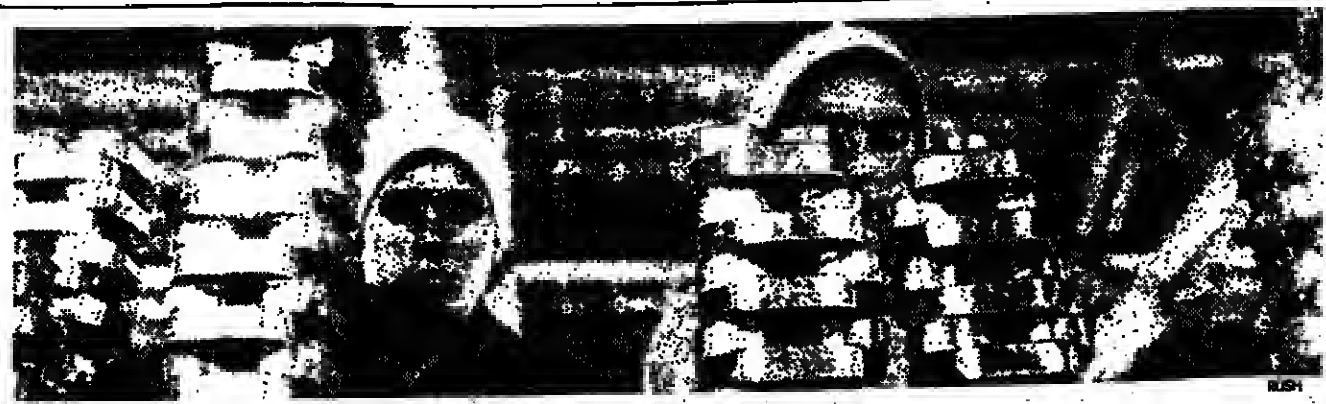
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PORTUGAL



Portuguese women at work in a canning factory.

Soares Sets High Priority on Economy

(Continued From Preceding Page)

(\$2.6 billion in 1982) and only moderate gains in tourism that brought in roughly \$900 million last year. A Portuguese banker working for a leading U.S. bank said: "With their loans, gold reserves [687 tons, worth roughly \$9 billion] and the austerity package beginning to emerge, I am more optimistic than a few months ago... I certainly rule out rescheduling their more than \$14 billion in foreign debts this year."

Decidedly unpleasant surprises could emerge on the economic and social front as the impact of the government's austerity program begins to hit industry, small business, labor and farm groups in this nation of 9.5 million people, according to many observers.

"There just isn't that much fat in Portugal; that is the problem with pushing European-style austerity here," said the executive of a long-established European multinational company based in Portugal.

The government began implementing its austerity program shortly after taking power with some moderate steps — devaluing the escudo by 12 percent against the currencies of its main trading partners; freezing investment in the country's heavy, deficit-ridden public sector; allowing prices of food to rise by lowering subsidies and deliberately hiking utility tariffs. Also announced were substantial cuts in overall government spending for 1984 with a view to halving last year's \$1.4-billion budget deficit.

More drastic steps, already being debated, have been submitted to parliament, but they are expected to be approved, since Mr. Soares's coalition government controls the legislature. They include a tax package that would substantially increase taxes on incomes, real estate and luxury items. The budget and tax measures were drafted by Earnani Lopes, the government's finance minister and former ambassador to the Common Market. He grimly tells visitors that "it is not a matter of toughness, but of rationality."

Meanwhile, real wages will be pushed downward as the government continues insisting that new wage increases lag behind inflation. In the first eight months of 1983, inflation soared to a rate of nearly 26 percent and has shown no signs of slowing. Next year's annual inflation rate, according to conservative government projections, will average about 24 percent, representing the highest rate among Western industrialized nations, with the exception of Iceland and possibly Turkey.

Drastic pruning of government spending, while generating savings, is expected to boost unemployment by at least 100,000 persons. That compares with 470,000 at present, representing roughly 11 percent of the nation's labor force.

Conceding that the austerity measures have not yet been felt, Vitor Constâncio, vice govern-

nor of the Bank of Portugal and former finance minister in Mr. Soares's previous government that collapsed in 1978, predicted that Portugal would indeed face not only worsening unemployment, but bankruptcies. "We are just approaching the dangerous corner," he said.

How much austerity can Portugal take? Will the powerful unions and the Communist Party react once the measures begin to bite and will this trigger a "hot" Portuguese autumn? When will the country be ready for substantial growth and investments? Responding to these questions in interviews last month, government, union and business leaders, diplomats and observers often struck an ominous note, warning that if the Soares government fails to restore economic stability and confidence, the country could face political destabilization.

"I am familiar with the scenarios of Portugal returning to an extreme right-wing or leftist military regime," Mr. Soares said in his Lisbon office. "But I believe the people of Portugal know what we are doing in a democratic manner — and will go along."

Business and union leaders, however, do not share the prime minister's upbeat views, although they generally support the need for austerity. Yet, they have avoided the harsh prediction of Portugal's Communist Party leader, Álvaro Cunhal, that the government's program will fail completely. Mr. Cunhal, widely regarded as one of the most hard-line Communist leaders in the West, has repeatedly denounced the IMF agreement, predicting it would create a million new unemployed workers. He has also urged that workers actively oppose the austerity program.

Union leaders were unable to predict how the situation will evolve in the next few weeks, but protest strikes were being planned for transport, shipping and publishing. "We have a calendar for the strikes; our members are not happy with what is coming," said Kalidas Barreto, a leader of the Communist-dominated CGTP union, representing 1.5 million workers in agriculture, state-owned enterprises and small private companies.

Specifically, the unions are protesting a new law being presented to parliament that will allow companies to lay off workers, paying up to 60 percent of their salaries for two years. "How this works remains to be seen, but we oppose it, since it really amounts to camouflaged unemployment," Mr. Barreto said. He emphasized that in his view "the government policy will not lead to a recovery, but will lead to greater indebtedness."

He and other union leaders agreed that the situation could become "explosive" in coming months as unemployment spreads. They said workers probably will concentrate on limited protest strikes and demonstrations during the fall and winter, but that these could intensify early next year.

Reflecting a more moderate view, Torres Couto, secretary-general of the smaller, non-Communist UGT union, said that workers would accept the austerity program, but only if other, equally important ingredients were also included: consultation with the unions regarding cutbacks and some specific ideas for expansion of the economy later. "We cannot accept this emergency plan without also having some idea of how the leadership plans to improve and modernize the country," Mr. Couto said.

Portugal's influential Confederation of Industry has warned that the government's new tax measures will cripple the nation's already weakened enterprises. Of Portugal's 15,000 industrial enterprises, 12,000 have a labor force of fewer than 50 employees, according to the Organization for Economic Cooperation and Development. The OECD has repeatedly urged that Portugal modernize and diversify its industrial production to compete internationally, particularly in light of its determination to join the EC.

Indeed, some business leaders worry that austerity is a matter of sheer survival. "Unfortunately, it may happen that significant, productive areas of the country cannot resist the 18 to 24 months of austere and restrictive policies," said Jorge Rocha de Matos, president of the Industrial Association. When the government decides to expand the economy, he warned, "it may happen that there will be nothing left to be modernized or recovered."

A controversy is simmering over what is regarded as a first test of Mr. Soares's ability to impose austerity and, more specifically, layoffs in nationalized industries. The target is Empresa Publica Noticias-Capital, a state-owned publishing newspaper, which has regularly generated heavy losses and employs about 1,600 people. In mid-September, the Soares cabinet announced planned reductions in personnel and other, cost-cutting moves. They were immediately challenged by the editors of EPNC's leading daily newspaper, *Diário de Notícias*.

The newspaper's director and chief editor, 33-year-old Márcio Mesquita, who also is a former member of Mr. Soares's Socialist Party, said that reorganization and economy moves had been motivated by determination to exercise control over the Portuguese media and that he would resist. "We are going through a difficult period in Portugal, but this was not the best way to move on austerity," Mr. Mesquita said. "He seemed to have picked us as an example, but we were shocked by the sudden announcement... my feeling is we can get better results" through consultation.

Mr. Soares said that "we know that it is run professionally, but the EPNC case illustrates what is wrong here and how we are trying to react; we need to reduce the losses and restore some sense of economic health to our enterprises."

Frustration Mounts on EC Candidacy

(Continued From Preceding Page)

U.S. companies as General Motors and General Electric and Germany's Grundig, Siemens and BASF, government planners say they have been disappointed by the flow of foreign investments — roughly \$200 million — during the past two years. The minister of industry, en-

ergy and exports, José Veiga Simão, said he was exploring investments in digital telephone exchanges and a copper smelter. He said he was talking with both U.S. and European companies, which he and other officials said would buttress "Europeanization" of the economy.

What Mr. Simão termed "a good example, but not necessarily the model" for integrating Portugal into Europe is the Renault investment in Portugal. Renault, France's state-owned automobile company, will have invested a total of 1.2 billion francs in several manufacturing and assembly plants in Portugal by the end of the year. This will represent the largest single foreign investment in Portugal, according to government officials. Renault is building a 240-million franc foundry due for completion around 1985.

Largely as a result of the invest-

ment, officials say, Renault has the dominant share — 38 percent — of Portugal's auto market of 75,000 vehicles a year. Fiat is second with 12 percent, followed by Citroën with 9 percent and Ford and GM, each with around 7 percent.

Renault exports 10,500 Renault cars a year and has trained both Portuguese workers and managers. "We have done well here since our approach made sense to the Portuguese government from, particularly a balance of payments point of view," said Louis Brun, administrator of the company's Portuguese affiliate.

Mr. Brun attributed the productivity levels, approaching EC standards, to "a remarkable level of ability among the people here — plus on our part, an enormous effort in training and supervision."

— AXEL KRAUSE

Soares Gets High Marks

(Continued From Preceding Page)

autumn. There is every cause to be concerned with an economy that can only stagnate in the short term, bringing an unprecedented wave of bankruptcies, social instability and other difficulties.

"There won't be starvation in Portugal despite austerity," the prime minister assured the country 100 days after taking office. Nevertheless soup kitchens for the old and unemployed were reopened in at least one large city, pointing to problems ahead.

Said a Western diplomat: "The Portuguese have a seemingly infinite capacity to absorb catastrophes. It would be nice if just for once their leaders gave them a chance to savor the fruits of all the misery they have endured."

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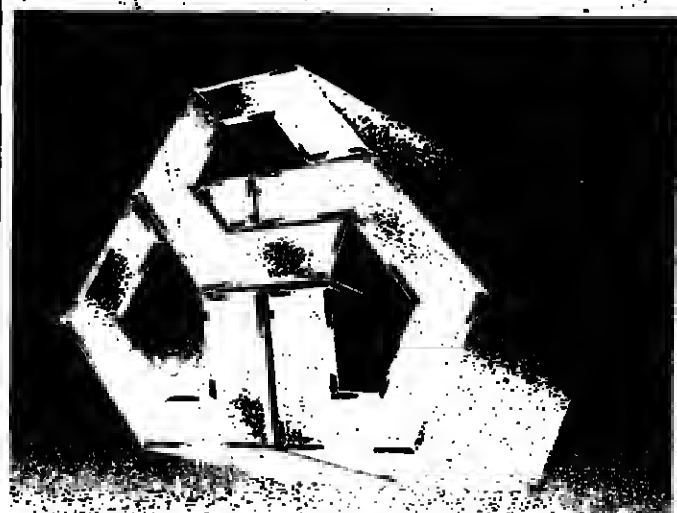
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PORTUGAL

Farm Products: View From Brussels

By Craig Anderson
BRUSSELS — As members of the 10-nation Economic Community try to solve the organization's serious financial problems this year, they also will be striving to agree on the related issue of how to admit Portugal and Spain to the Common Market.

Although the negotiations with Portugal are several months further advanced than those with Spain, a political decision made by EC governments has decreed that both countries will join at the same time. So Portugal will have to wait for its neighbor to catch up.

But a more serious problem could delay the accession of both countries. At July's EC summit in Stuttgart, Common Market leaders reaffirmed their desire to let Spain and Portugal join. But they said this could not happen until a series of key budgetary and policy reforms were put into operation.

If a December summit in Athens does produce agreement on these changes, the earliest conceivable date for Portuguese membership is 1985.

The spiraling costs of the EC's agricultural support programs have threatened to bankrupt the community. Britain and West Germany, who provide the bulk of the money, refuse to pay any more until radical policy reforms are in place. Against this troubled backdrop, negotiations continue to admit Portugal and Spain, creating new strains on the EC's finances.

The lengthy pre-accession negotiations between the EC and the two Iberian countries are entering a crucial phase. All members agree that expanding the community by admitting Spain and Portugal is a wise political move. The strategic importance of bringing the countries into a permanent relationship with the rest of Western Europe is undeniable.

Membership for Spain and Portugal will

"consolidate the democratic stability which now exists in these countries," said Lorenzo Natali, the EC commissioner responsible for enlarging the organization.

"It has been said that Europe is like a bicycle: If it does not keep moving then it will fall over," said Mr. Natali. "It should not be forgotten that it is laid down in the community's founding treaty that membership is open to all European countries which share the same ideals of freedom and progress."

He added, "This is now the case with both Iberian countries who came forward as candidates for membership as soon as they had shaken off the oppression of their dictatorships."

The fact that Spain and Portugal offer expanding markets for consumer durables, such as cars, televisions and washing machines should not be overlooked, observers say, particularly as the other EC states will have duty-free access to these markets when the membership process is complete.

The EC's reasons for bringing in Portugal are identical to those that have led it to support Spanish membership. The problems that will result from enlargement could hardly be different.

Spanish membership will, for example, change the face of EC agriculture. Its production of fruit, vegetables and wine will add to existing EC surpluses and put Spanish farmers in direct competition with their counterparts in the south of France, Italy and Greece.

Several Spanish industrial sectors are strong enough to compete on equal, or even more favorable terms, with EC industries and the inclusion of the Spanish fishing industry will virtually double the size of the EC's fishing fleet overnight.

The result of Portuguese membership will be less dramatic and in many cases will move in the opposite direction. Apart from the textiles and

footwear sector, Portuguese industry is fragmented and often owes more to artisan techniques than to the mass production systems of much of the rest of Europe.

From the EC's point of view, any fears about the industrial effects of membership occur on the Portuguese side, with the possibility that the country may be swamped by imports flooding across its newly opened borders, nor is agriculture viewed as a major problem, even by those existing member states most worried by the prospect of Spanish membership.

"There are two agricultural products perhaps — wine and processed tomatoes — which may cause us some problems but in general there should be no major difficulties," says Henrique Pietromarche, Italian minister-counselor to the EC in Brussels.

But the economic agricultural structure of Portugal is very weak. The problem will be how a very poor country like Portugal can integrate into a community where there are some very rich member states.

Far from worrying about the effects Portuguese accession may have on the Common Market's bank balance, some experts, including those in Lisbon, suggest that Portugal might end up paying more money into the community budget than it receives in EC assistance.

Mr. Pietromarche said, "The share of Portugal to the budget of the community should be in balance. But because it depends so much on imports of agricultural products, Portugal could find itself in a position similar to that of the United Kingdom."

EC officials have already spotted this danger and have allowed Portugal a four-year period of grace after membership during which the agricultural import levies which make up part of the EC's own resources will be collected by the Portuguese government but not forwarded to Brussels.

Iberian Neighbors Reassessing Relationship

LISBON — Portugal and Spain, historically uneasy neighbors, are reassessing their relationship as both countries undertake major reforms with Europe.

Spain's decision to join the North Atlantic Treaty Organization, of which Portugal is a founding member, and the impending entry of both countries into the European Community, necessitate a change in attitudes.

Despite some cultural, linguistic and religious similarities, trade and mutual co-operation have been limited. Although a small minority in Portugal has fostered the idea of an Iberian federation, most Portuguese cherish the frontiers, which have remained virtually unchanged since 1271. Portugal for 800 years has defined itself in terms of not being Spanish and it celebrates its national holiday the end of 60 years of Spanish occupation in the 17th century.

Portugal now fears Spain's economic might. As a Portuguese official warned recently: "If we're not careful, there is a danger of becoming a minor subsidiary of Spain Inc."

Portugal's nine million consume offer an inviting and close market for Spain, and already, Spanish investment in Portugal between 1981 and 1982 increased from 14 billion pesetas to 3.5 billion. That is five percent of all Spanish investment abroad. The figure is ex-

pected to rise after integration into the European Community.

Bilateral trade is one of the issues to be discussed in October at a summit between the prime ministers of Spain, Felipe González, and Portugal, Mário Soares.

Also on the agenda is a dispute over fishing, which has led to a number of incidents between Portuguese coastal guards and Spanish trawlers since a 1961 fishing agreement between the two countries lapsed in January.

While the European Community negotiates a communitywide fishing treaty, neither Portugal nor Spain is likely to agree to a bilateral accord. The result has been trawler blockades, sardine wars and angry exchanges between Lisbon and Madrid.

But trade between the two countries is the major source of tension. Disturbed by the huge deficit in Madrid's favor, Lisbon has restricted the entry of Spanish goods for the last nine months. The result has been a dramatic increase in smuggling.

The problem centers on the liberalization of tariffs under special clauses written into trade agreements between the two countries. Theoretically, they are favorable to Portugal, but in practice, Portuguese exports to Spain dropped by one billion escudos between 1980 and 1981.

During that time, Spanish goods entering Portugal increased by 55 percent.

Lisbon accuses Madrid of unfair trade practices and has retaliated with administrative delays for import licenses.

The tension reinforces Portuguese fears of being economically swamped by Spain after the peninsula enters the Common Market. A tendency of multinationals operating in Lisbon to transfer regional headquarters to Madrid has not helped.

Other issues between the two countries include controversy over Spanish membership in NATO and possible nuclear waste pollution of rivers flowing from Spain into Portugal.

Although Lisbon ratified Spain's application to join NATO, it did so with reservations. The Portuguese military would not accept a joint NATO command for the peninsula that implied subordination of Portuguese officers to Spanish officers, and the alliance is studying the problem.

Portugal also wants to ensure that NATO aid for re-equipping its armed forces does not suffer a cutback because of Spain.

Finally, there is widespread opposition in Portugal to the nuclear wastes Spain presently pumps from energy plants into at least two rivers passing through Portugal.

—KEN POTTINGER

Revolution and Culture: A Search for Roots?

LISBON — Portuguese writers and artists consider the 48 years of rightist dictatorship, overthrow in 1974, as the bleak times of contemporary national culture — though gloomy night of fascism, the words of one writer.

The military overthrow of the regime opened the door to a cultural explosion and a renewal of Portugal's centuries-old poetic and dramatic traditions. In an interview, Natalia Correia, one of Portugal's leading poets and playwrights, gave some personal views of the process of renewal.

Mrs. Correia, a former parliamentary deputy, said the revolution released three noteworthy currents.

It brought about what she describes as "cultural centralization," a rash of regional initiatives that resulted in theater productions and writing and art workshops in hundreds of towns and villages around the country. She said she believed this activity a local level was a vital component of the country's rediscovery of creative ability. She also said there was a new awareness about preserving

the national heritage, especially among young people.

The second result of the revolution, according to Mrs. Correia, was a rush to form cultural associations — nearly 200 have been formed — to promote theater, cinema, records, sculpture, bookshops

Women's literature has been 'confirmed creatively as a kind of cultural matriarchy.'

and publishing houses. She said the phenomenon was unique in Europe. "The movement to form associations straight after the revolution was a reflection of the spontaneity of the event and one of the big drawing cards for the hundreds of foreign youth who flocked to Portugal in 1974 and 1975 to taste the revolution," she said.

Thirdly, the writer said, the revolution brought a great leap forward in the emancipation of women. Parallel with fundamental legal reforms that gave equality of rights to and altered the status of women in Portugal, women's literature has become "confirmed creatively as a kind of cultural matriarchy," Mrs.

Correia said. She said that contrary to the widely held view, Portugal is not a macho society. Rather, she said, the revolution gave legal expression to what she called a de facto domination by Portuguese matriarchs.

She said that Portuguese litera-

Looking back on the last nine years, Mrs. Correia summed up cultural advances in this way. The revolution and its aftermath produced an initial explosion of ideas previously prohibited by the censors — from pornography to politics. But writers and artists have turned inward on themselves, "pausing for reflection on our past and attempting to incorporate historical themes and values into present-day art," Mrs. Correia said.

The recently staged 17th Council of Europe exhibition of arts, science and culture in Lisbon, with its emphasis on Portugal's golden age — the era of the discoveries — is part of this process of re-evaluation. Mrs. Correia feels that with the loss in 1974 of the empire and the subsequent contraction of domestic responsibilities and influence, Portugal is still experiencing the pangs of the search for a new role and relationship with the world. Artists and writers, too, are involved in this process while the results of national introspection remain to be determined.

—KEN POTTINGER

PORTUGAL: FIGHTING UNSUSTAINABLE TRENDS

The Portuguese economy was severely hurt by the world recession, although with some delay. After strong growth in 1980 (5.5%, the highest rate among OECD countries) GDP virtually stagnated in 1981, exports decreased and the current external deficit rose sharply.

The international economic situation affected Portugal in a number of ways. Slow or negative growth in Europe meant reduced exports of goods and services, while unemployment and shrinking real wages implied less remittances from the Portuguese emigrants. The external factors together with a level of domestic demand higher than in other OECD countries led to a sharp deterioration of the Portuguese external accounts during 1981.

During 1982, a tighter monetary policy and a stronger devaluation of the escudo combined to progressively cool off domestic demand, while exports recovered. However, those developments were not enough to prevent a further deterioration of the current account. The increase of interest payments on the external debt and the decline of the emigrant's remittances more than offset the trade balance improvement.

According to the latest statistical data unemployment kept rising during the first quarter of 1983—but still stands at a rate lower than in several other OECD European countries—and investment declined, partly because of a cut in public sector projects. However, this is encouraging news as far as the external account is concerned. The current deficit has shown a substantial reduction mainly due to another rise in exports. This should be the combined result of the expenditure reducing and switching policies and of the entry into operation of new exporting factories of chemicals and automobile parts.

Portugal has now a government with a comfortable parliamentary majority. This favorable institutional environment allowed the government to envisage a three stage economic strategy. The first stage is a short-run (18 months) program aimed at reducing the external and public-sector deficits. The other two stages are medium-run programs. The shorter one (2 to 3 years) is intended for the financial sector, while the other (4 years) is a development and modernization plan.

As far as short run policies are concerned, several steps have already been taken.

As for the monetary measures, they are aimed, chiefly, at cutting down credit expansion, encouraging domestic saving and preventing capital flight. These measures have involved mainly the implementation of tighter credit ceilings and the raise of interest rates. The last revision of these rates occurred in March. The Bank of Portugal rediscount rate moved from 19% to 23%, lending rates increased 4 percentage points and time deposit rates raised 4 to 4.5 percentage points according to their maturities. Currently, one year deposits bear a 28% interest rate, while the inflation rate is slightly above 20%. Simultaneously, investments regarded as basic for economic development have benefited from some financial schemes.

Exchange rate policy—based on a crawling-peg system, reinforced by discrete devaluations when external circumstances so impose—aims at eliminating the differential rate of inflation between Portugal and partner countries, thus keeping the external competitiveness of the Portuguese economy and to avoid speculative movements, which have been strengthened by dollar appreciation. In this vein, last March, the crawling-peg rate moved from 0.75% to 1% by month and in June, the escudo was devalued by 12% in effective terms.

Budgetary policy has relied, mainly, on measures favoring a reduction in nonessential expenditure and subsidies rather than on increase in tax receipts, since tax rates are already very high. Nevertheless, the 1983 State Budget includes several measures which aim simultaneously at improving the equity and efficiency of the tax system. Thus, some indirect taxes were increased, taxes on less essential expenditure of firms were introduced and efforts to fight tax evasion have been reinforced. Besides, studies are underway aiming at the implementation of a value added tax (VAT), in anticipation of the future Portuguese integration in the EEC.

Subsidies to public enterprises are among the expenditures that the new Government intends to reduce. Some of these enterprises produce and commercialize goods and services with administered prices. As a result, several of these prices have been increased. Nevertheless, inflation, although high, is under control.

As far as medium-run programs are concerned, a strong investment effort is needed in order to change economic and social structures and reduce the gap between Portugal and EEC countries. This effort requires large financial means and technological and managerial expertise. Hence, foreign direct investment can play an important role: creating new jobs, as a source of new technologies and giving access to new international markets.

The conditions offered in Portugal to foreign investors are very attractive. They can count on high profitability—favored by fiscal incentives and low labor costs—and quite diversified opportunities. Recently, some sectors—banking, insurance, manufacturing of cement and fertilizers—were opened to private capital, domestic or foreign.

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between Portugal
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PETROQUÍMICA E GÁS DE PORTUGAL, E.P.

PGP ENCHARGED TO ELABORATE STUDIES FOR LNG INTRODUCTION IN PORTUGAL

Under the terms of its statutes PETROQUÍMICA E GÁS DE PORTUGAL, E.P. (PGP), a state-owned company, is entitled to undertake industrial and commercial activities involving the utilization and processing of hydrocarbons, namely naphtha and aromatics and natural gas. Developing such activities PGP uses naphtha as a feedstock for the production of a synthesis gas stream from which hydrogen is split into an ammonia synthesis and a town gas stream to be distributed within the Lisbon city gas network.

For this purpose two TEXACO partial oxidation units and an ICI steam reforming unit are on stream in the company's plant located at Cabo Ruivo in Lisbon. The plant's capacity is of 225,000 ton/yr. for ammonia and 200 X 10⁶ Nm³/yr. for town gas besides other productions such as hydrogen, Oxygen, Nitrogen and Carbon Dioxide.

As far as the aromatics are concerned, PGP has under erection the first Portuguese plant for the production of phthalic anhydride (PA) and phthalic esters whose functioning is envisaged for the second half of this year. This new plant will supply the required feedstock for home PVC transformers and synthetic resins manufacturers and the phthalic esters' total capacity will be of 20,000 ton/yr.

The plant is being built under a Van Heyden license and DAVY McKEE is responsible for the basic design, erection and start-up supervising. Portuguese companies played an important role in detailed design and erection and supplied an important part of the static and dynamic equipment.

However, PGP's main aim at the moment is to build and run a pipeline gas network in Portugal which will increase the country's economic development.

The studies carried out showed that the introduction of natural gas into Portugal is economically feasible and the creation of a structure for its distribution in the country besides the town gas distribution in Lisbon, the only existing gas supply system of the moment. These studies were carried out in collaboration with foreign specialized companies allowing the establishment of the investment's capacity for an LNG import terminal (including storage and regasification facilities) and a distribution network to the main consumption centers.

An evaluation up to the year 2005 of the home market for natural gas including the industrial, tertiary and domestic sectors was made and confirmed by the conclusions of the National Energetic Plan (PEN) issued by the Government at the beginning of this year.

The PEN contemplates natural gas as a primary energy source and considers that it will allow the country to go towards an effective diversification of both the sources and energy forms, taking into account that crude has a more than 80% share.

A site location study is being carried out with the collaboration of foreign consulting companies considering a thorough risk analysis which will include a quantitative evaluation of expected risks connected with two possible sites for the import terminal. The terminal's preliminary projects (conceptual and basic) the transmission and distribution networks are also under study and will be completed by the second half of this year.

The studies contemplating an eventual complementary link with the Spanish and European natural gas networks are also being carried out. Meanwhile, PGP is expecting a final decision on the LNG project by the Portuguese Government by the end of 1983.

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View of PGP's Ammonia and Town Gas Plant at Cabo Ruivo

PORTUGAL



Workers sort and clean fish at a canning factory.

Industrial Sector Is Underdeveloped, Needs Restructuring

Special to the IHT

LISBON — Portuguese industry, as yet underdeveloped and uncompetitive, faces a decisive period as it prepares to join the Common Market.

"Portugal didn't experience the first industrial revolution and it can't afford to lose out on the present scientific and technological revolution," said José Veiga Simão, the minister of industry and energy.

Portuguese industry has always lagged behind Europe's and is mostly dependent on imported raw materials and machinery. Low wages and labor-intensive traditional sectors in textiles, footwear and ceramics characterize the development that is concentrated in or near large coastal cities. Many regions in the interior have few or no factories, and the lack of an effective road network makes development in these areas difficult and unattractive for investors.

There are 250 large firms — those with more than 400 workers — in the country. More than two-thirds of Portugal's 15,000 small and medium enterprises employ

fewer than 50 workers. These firms represent 69 percent of the manufacturing industry and provide 63 percent of the jobs in Portugal.

Other problems in industry are low productivity, a lack of middle management and an acute shortage of financing, which affects both private and public sectors. A direct challenge to development are measures imposed by the International Monetary Fund that will require drastic cuts in industrial investment.

"We must use the next 19 months to prepare for the future, define the rules and adjustments needed to modernize industry for EEC competition," Mr. Simão said.

Industrial activity is largely in the hands of the private sector. However, nationalizations in 1975 put the state in control of key sectors such as banks, insurance companies, steel, cement, chemicals, fertilizers, transport, communications, fuel supplies and electricity.

The private sector has complaints. "Taxes and costs to private industry soar every day to cover loss-making state companies," said Pedro Ferraz da Costa, president of

the Confederation of Portuguese Industry. "Private firms have no incentives. We are penalized, not allowed to increase our prices and have trouble getting bank credit, while state companies raise prices at random to balance their accounts and borrow abroad."

Private industry is anxious to support the coalition government led by Mário Soares, but fears of bankruptcy, especially in small- and medium-size companies, are widespread. To bring down the public-sector deficit, estimated at \$200 million, public investment will be reduced from 30 percent of total national investment to 15 percent over the next two years.

"This will have a dramatic depressive effect on all industry and,

coupled with tight credit, will inevitably lead to bankruptcies," Mr. da Costa said. "We have been through so many hot and cold showers since the revolution while structural problems remain unsolved. We could come out of this depression with a better balance of payments but with the industry in the same backward state."

The government has started to meet some of private industry's demands. The law concerning the private and public sectors, when implemented, will allow private banks, insurance companies and fertilizers and cement industries to compete with nationalized enterprises. Private banks, in particular, should help private companies by offering more diversified financing

facilities, although global credit ceilings will continue to be set by the Bank of Portugal's commercial lending.

Whether the private sector will respond to the government's call for development remains to be seen. Companies are facing a slump in sales, and cash flow problems abound. The construction industry, which employs nearly 20 percent of the labor force, is working at 60 percent of capacity. But expensive tight credit creates problems for builders and home purchasers.

Aware of these problems, the minister of industry is studying a series of reforms for private industry. They include an industrial development law that will give

incentives to mergers and joint ventures in traditional industries, a technological development plan for manufacturing industries and a plan to reorganize the public sector.

Perhaps the biggest challenge will be Portugal's large state projects, such as Sines, the oil refinery and petrochemical industrial complex that was conceived before the 1973 oil crisis. Critics call Sines a "monetary graveyard," and the government will either have to close it or scale it down. Other decisions are whether to go ahead with a costly national steel plant and what to do about the state shipyard, Setenave, and its empty order book, and lastly, whether to install nuclear energy plants.

Textile Sector Feels Bite of Recession, Austerity

By Jill Jolliffe

OPORTO — Portugal's textile industry, which accounts for one-third of foreign earnings, is feeling the crunch of recession and the austerity measures imposed by the government.

Some of the 250,000 workers directly employed in textiles are facing the prospect of layoffs following new labor laws approved by parliament earlier this year. This has as much to do with the long-term problems of the industry, which is in dire need of restructuring and modernizing, as with the immediate problems of the economy.

Several years ago, the govern-

ment commissioned a group of international experts to undertake a study of the troubled textile industry. The result was the controversial Werner report, whose recommendations soon will be incorporated into the first piece of legislation to deal solely with this sector. The report has been criticized by both unions and management.

The new law will set guidelines for the overhaul and modernization of textiles, providing incentives for management to improve technology and — in the case of the many uncompetitive small factories — for mergers into larger, more profitable units. There are more than 2,000 firms operating in the sector,

more than half of which employ fewer than 50 workers.

The depressed local market is acting as a brake in one direction, while export quotas are frustrating manufacturers in another. The Textile Institute is responsible for granting import and export licenses, and in recent times, potential exporters have been turned back because quotas were filled. The institute is hoping, with help from proposed legislation, to increase the value of its overseas trade by improving the quality of the Portuguese product and by diversifying its markets.

The infrastructure of marketing, managing and accounting are hampered by bureaucracy and

90th-century techniques. The Werner report recommended that training courses be set up for textile workers at all levels, but especially the managerial level. Two new national universities, the University of Minho and the University of Aveiro, are offering courses in science and technology of textiles.

There is need for improved technology expressed in the end product. Despite the excellent quality of traditional Portuguese cloth, there is a lack of modern finishing techniques, such as drip-dry and permanent press, which would enhance appeal in international markets.

Shipping: Industry Hurt by World Recession

By Peter Collis

LISBON — Redimensionamento is the government's catchword at the moment for the shipping industry. It translates broadly as restructuring, and that is what the government is going to have to do if it is to fulfill campaign promises it carried into office three months ago.

The job is not easy. The world shipping recession has left deep tracks on the Tagus estuary. Many of the Portuguese boats anchored on the river south of Lisbon are old and outmoded.

In the Lisbon docks, there is an air of dilapidation and many berths are empty, attesting to the way traffic has dwindled in recent years. Across the river, the threat of mass

layoffs, or even closure, hangs over the Lisnave repair yards following troubled years of falling orders and labor strife.

The industry was nurtured on colonial trading in this century and before. But although it is true that trade with African colonies provided the impetus to develop the industry, it was also partly responsible for its present weaknesses.

During the last 50 years of Portugal's colonial era, lucrative routes between Lisbon and Angola, Mozambique, Guinea and the Cape Verde islands were shared on a quota basis among a handful of shipping companies owned mostly by bankers and industrialists who were main supporters of the gov-

ernment. Freight rates were set by the government. Even in trade between the colonies and third countries the Lisbon companies were in a privileged position since they were considered to have both African and Portuguese national status under Portuguese law.

In the early 1970s a series of mergers left the general cargo trade virtually in the hands of two major companies — Companhia Portuguesa de Transportes Marítimos and Companhia Nacional de Navegação.

When the colonies gained their independence, the African trade shrank to a trickle. In 1975 the companies, newly nationalized, had to compete in increasingly dif-

ficult international markets with ill-adapted, obsolete fleets and inefficient company structures.

At the same time, the country was being torn apart by a political and social revolution that in months dragged its industry out of the 19th century into an era of unions, strikes, wage claims and labor laws at guaranteed workers' jobs.

Nearly a quarter of the Portuguese merchant fleet is laid up in the Tagus estuary. But despite the imbalance in the country's freight accounts with trading partners, the ships cannot be used. Outdated, high-fuel consumption engines, outmoded designs and surplus crews have made them too costly to run.



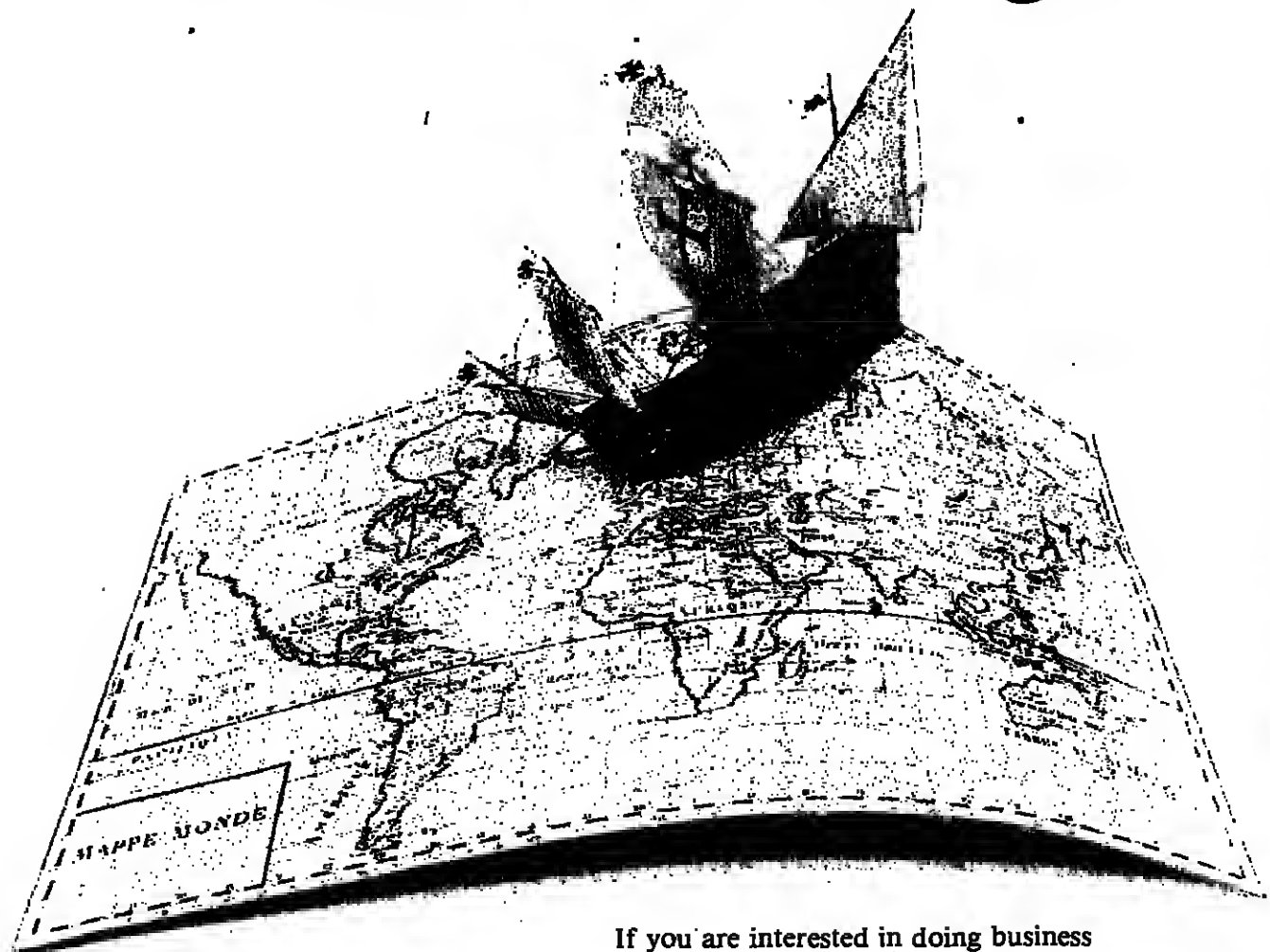
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PORTUGAL

Azores Pact: The Talks Go On

LISBON — Out in the Atlantic, about 3,500 kilometers (2,200 miles) east of Washington, lies an island for which the United States is prepared to pay millions of dollars.

The Portuguese Azores, dubbed the aerial crossroads of the Atlantic, is a strategically situated archipelago that has been home for 36 years to the U.S. Air Force's 1605th military airlift support wing of the Military Airlift Command.

Portugal and the United States are debating the conditions for renewed usage of Lajes Airfield and other facilities on Terceira Island in terms of Portugal's membership of the North Atlantic Treaty Organization.

The Lajes military base, under a Portuguese air force commander, now is staffed by about 2,000 U.S. military personnel and dependents and provides logistical support for transports, a stopover for fighter aircraft and a base for anti-submarine aircraft, as well as a submarine monitoring station, an oil and ammunition depot and satellite telecommunications facilities.

The current five-year agreement expired last February, although secret negotiations began two months earlier. According to U.S. Congressional records, Washington is offering Lisbon \$148 million in economic and military aid for renewing the base agreement. This is 33 percent more than the

\$112-million concession for the last five-year period.

But Portugal, which closely watched similar base negotiations between the United States and Greece, is holding out for considerably more, although exact figures have not been made public. The United States has said that it would like to upgrade and augment its installations at Lajes and to have additional facilities on the mainland, namely access to an airfield at Beja, south of Lisbon. The airfield at Beja already is used for pilot training by the West German air force.

Although the Middle East is outside NATO's official boundaries, the pact's contingency planners regard this oil-rich area as vital to its member countries. Lisbon is sensitive to suggestions that Lajes be used in missions against Arab countries. The Portuguese economy was damaged by an Arab oil boycott following the United States' use of the Azores in 1973 to fly supplies to Israel during the Arab-Israeli war.

These sensitivities notwithstanding, Socialist-ruled Portugal is aware that its role in NATO, especially since Spain's decision to join, is dependent on the facilities it can offer in the Azores and on the mainland. Reactions to the U.S. wish to boost its profile on Portuguese territory are tempered by this consideration.

— KEN POTTINGER

Establishing New Relations With Former Africa Colonies

LISBON — When the presidents of Portugal and the United States met, at Ronald Reagan's invitation, in the White House in September, Portuguese-speaking Africa — specifically Angola — was high on the agenda.

For some time, the United States has pursued a policy of including Portugal as a privileged partner in its dialogue with African countries that were under Lisbon's rule, and this first-ever meeting of the two heads of state helped strengthen that position.

President António Ramalho Eanes has been a key figure in Lisbon's efforts to establish cooperative and mutually beneficial post-colonial relations with its five former African territories.

Portugal has shied away from the kinds of neocolonial ties that other former imperial powers, such as France and Britain, have created in Africa. But the Lisbon government has emphasized its willingness and ability to keep open the dialogue between Portuguese-speaking Africa and the West. As a result, strong ties have been recreated between Portugal and its former territories, which became independent less than a decade ago.

With its imperial loss, Portugal returned to being a small and impoverished nation. Portugal is in no position to lavish cash and gifts on its former possessions, although it has made some costly efforts recently. Lisbon sees a major need for keeping alive the historical and cultural heritage in Africa, and an intensive effort is under way to expand bilateral relations with Mozambique, Angola, São Tomé, Cape Verde and Guinea Bissau.

Mário Soares's Socialist-led government is planning a summit meeting with Portuguese-speaking African heads of state to discuss links and to align policies in areas of mutual interest. President Samora Machel of Mozambique will

visit Lisbon in October; a visit, political observers said, that will serve as visual confirmation of mutual desires for improved ties between the two countries. And Lisbon apparently would like to invite the Angolan head of state, José Eduardo dos Santos, but the civil war in that oil-rich country makes the chances of such a visit negligible in the near future, observers said.

The Machel state visit is an important stage in the evolution of cooperation and development between Lisbon and Maputo. In July 1982, Portugal opened a line of credit worth \$13 million to Mozambique as part of an aid program.

At that time, President Machel welcomed Portuguese businessmen, investors and aid workers as "frontline fighters against hunger, poverty and underdevelopment." Lisbon also provided a \$15-million loan to pay the salaries of Portuguese aid workers in Mozambique and agreed to provide military training in anti-guerrilla tactics to Mozambique's officers and to furnish redesigned military uniforms to the armed forces. Later, however, internal pressures in Lisbon delayed the training program — the first by a North Atlantic Treaty Organization member country to a nominally Marxist regime, while a shortage of funds in Maputo set back the plans to buy uniforms.

Portuguese companies have closed a number of business deals in Mozambique and are involved in mining, road and rail construction and dam building, among other projects.

Despite the political and social tension caused by unceasing armed conflict in Angola, Portugal has obtained a number of lucrative business contracts, including part of the vast offshore oil exploration on the Atlantic coastline.

The dream of some Portuguese leaders, or so they say, is to create

the right conditions between Lisbon and its former territories to enable thousands of interested Portuguese emigrants to move in Africa, providing needed middle-ranking administrative and managerial skills, while helping relieve unemployment pressures in Portugal.

The Lisbon government, observers said, believes that any openings offered by the former colonies should be taken up as part of discreet Western efforts to substitute for Soviet influences in these countries, especially in the key southern African states of Mozambique and Angola. However, efforts should be made to avoid being accused of neocolonialism.

However, both these countries are bitter about the activities of Lisbon-based spokesmen for anti-government groups. Both the anti-Marxist Mozambican National Resistance, recently renamed RENAMO, and the pro-Western Angolan group UNITA, or União Nacional para la Independência Total de Angola, distribute releases, brief newsmen and government officials and even give news conferences in Lisbon. Maputo and Luanda attack Lisbon for not stopping these activities.

The Portuguese government has said that all shades of opinion have to be respected in a democracy and that no action can be taken against these groups, if they do not contravene the law. On balance, however, Lisbon believes its African policy is on course and will remain so with careful attention.

If Portugal is making progress in Africa, it remains burdened by the question of decolonization for the Southeast Asian territory of East Timor, site of a guerrilla war since it was illegally occupied by Indonesia in 1975. Timor remains an intractable and embarrassing problem for Portugal. The dispute has been taken to the United Nations, and there is an indication of its resolution.

— KEN POTTINGER

Major Change in Investment Law Brings Increase in Foreign Banks

Special to the IHT

LISBON — Foreign banks in Portugal expect to benefit from a major change in the law that clears the way for private investment in nationalized sectors of the economy.

Just before the summer recess, the Socialist-Social Democrat coalition agreed to implement a controversial law allowing foreign and local investors to compete with nationalized banks, insurance companies, cement and fertilizer industries. The law had been vetoed four times by a military council created after the 1974 revolution. It was finally abolished with last year's constitutional revision.

The prospect of a more liberal economy, pending entry into the European Community and closer ties with Portugal's former colonies of Angola and Mozambique, as well as the Portuguese territory of Macao, has attracted 22 foreign bank representative offices to the country. The pioneer was the Banque Nationale de Paris, which arrived in 1974, but the main rush started in 1978 with Citibank, which was followed by Chase Manhattan, Manufacturers' Hanover, Bankers' Trust, Barclay's and Bank of Tokyo.

While waiting for the law to change, the representative offices have dealt in medium-term and long-term loans, short-term import financing and correspondent bank services. "Competition has been tough," said Pedro Hornem, manager of Citibank. "We face competition from other representative offices pouring into Portugal and from others abroad."

The foreign banks are all after the same lucrative business of arranging loans for the big public companies, such as TAP-Air Portugal, EDP-National Electricity Company and Petrógal, the state-owned oil company. Most of the offices have tried to take part in some of the public loans in an effort to please government authorities.

"We believe the government will

give priority to these offices that have helped the country," a foreign bank executive said. "Banking is a very profitable business, and new private banks will be stimulating the private sector." Victor Constantino, vice governor of the Bank of Portugal, said.

Although all bank lending is strictly controlled by the central bank, private banks can refuse time deposits in excess of certain amounts, keep larger spreads between deposit rates and loan rates to maintain profitability and keep more demand deposits without interest rates. Banks opening now can introduce highly mechanized efficient services, maintaining productivity and providing companies with better services than existing banks. They will also supply the country with more capital from abroad and increase retail banking by lending in escudos as well as in dollars.

Before any operations open in Lisbon, however, the government must prepare a banking law setting out the regulations. Central bank officials are thinking of establishing a minimum capital investment of \$10 million for new banks — a figure considered outrageously high by foreign bankers. Once the law is enacted, the government will allow a handful of pioneers to open their doors.

Lisbon signed an agreement with the EC in 1981 allowing Portugal a seven-year transition period after becoming a member of the community. During this time, the government can authorize operations on a case-by-case basis. Thereafter, full free movement in the sector becomes obligatory.

The nationalized banks are busy taking stock of themselves as the prospect of serious competition looms.

With its imperial loss, Portugal returned to being a small and impoverished nation. Portugal is in no position to lavish cash and gifts on its former possessions, although it has made some costly efforts recently. Lisbon sees a major need for keeping alive the historical and cultural heritage in Africa, and an intensive effort is under way to expand bilateral relations with Mozambique, Angola, São Tomé, Cape Verde and Guinea Bissau.

Mário Soares's Socialist-led government is planning a summit meeting with Portuguese-speaking African heads of state to discuss links and to align policies in areas of mutual interest. President Samora Machel of Mozambique will

visit Lisbon in October; a visit, political observers said, that will serve as visual confirmation of mutual desires for improved ties between the two countries. And Lisbon apparently would like to invite the Angolan head of state, José Eduardo dos Santos, but the civil war in that oil-rich country makes the chances of such a visit negligible in the near future, observers said.

The Machel state visit is an important stage in the evolution of cooperation and development between Lisbon and Maputo. In July 1982, Portugal opened a line of credit worth \$13 million to Mozambique as part of an aid program.

At that time, President Machel welcomed Portuguese businessmen, investors and aid workers as "frontline fighters against hunger, poverty and underdevelopment." Lisbon also provided a \$15-million loan to pay the salaries of Portuguese aid workers in Mozambique and agreed to provide military training in anti-guerrilla tactics to Mozambique's officers and to furnish redesigned military uniforms to the armed forces. Later, however, internal pressures in Lisbon delayed the training program — the first by a North Atlantic Treaty Organization member country to a nominally Marxist regime, while a shortage of funds in Maputo set back the plans to buy uniforms.

Portuguese companies have closed a number of business deals in Mozambique and are involved in mining, road and rail construction and dam building, among other projects.

Despite the political and social tension caused by unceasing armed conflict in Angola, Portugal has obtained a number of lucrative business contracts, including part of the vast offshore oil exploration on the Atlantic coastline.

The dream of some Portuguese leaders, or so they say, is to create

the right conditions between Lisbon and its former territories to enable thousands of interested Portuguese emigrants to move in Africa, providing needed middle-ranking administrative and managerial skills, while helping relieve unemployment pressures in Portugal.

The Lisbon government, observers said, believes that any openings offered by the former colonies should be taken up as part of discreet Western efforts to substitute for Soviet influences in these countries, especially in the key southern African states of Mozambique and Angola. However, efforts should be made to avoid being accused of neocolonialism.

However, both these countries are bitter about the activities of Lisbon-based spokesmen for anti-government groups. Both the anti-Marxist Mozambican National Resistance, recently renamed RENAMO, and the pro-Western Angolan group UNITA, or União Nacional para la Independência Total de Angola, distribute releases, brief newsmen and government officials and even give news conferences in Lisbon. Maputo and Luanda attack Lisbon for not stopping these activities.

The Portuguese government has said that all shades of opinion have to be respected in a democracy and that no action can be taken against these groups, if they do not contravene the law. On balance, however, Lisbon believes its African policy is on course and will remain so with careful attention.

If Portugal is making progress in Africa, it remains burdened by the question of decolonization for the Southeast Asian territory of East Timor, site of a guerrilla war since it was illegally occupied by Indonesia in 1975. Timor remains an intractable and embarrassing problem for Portugal. The dispute has been taken to the United Nations, and there is an indication of its resolution.

— KEN POTTINGER

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A Crash Effort to Reduce Imports and Raise Exports

By Martha de la Cal

LISBON — Portugal is making it easier for companies to increase exports in a concerted effort to curb its \$3.2-billion trade deficit by the end of the year.

"One of the main targets of this government is to increase exports," said the minister of commerce and tourism, Alvaro Barreto. "We must reduce the balance of payments deficit from \$3.2 billion to \$2 billion by the end of this year."

Portugal cannot substantially decrease its imports because they are mostly essential oil and food. Therefore, efforts must be concentrated on increasing exports. This government and the preceding one have taken steps to do so. The escudo was devalued by 12 percent in June to make prices of Portuguese exports more competitive. Companies producing for export are offered a range of financial incentives, such as lower tax rates, higher depreciation allowances and credit.

Portugal traditionally has looked to Europe as a market and as a source of investment. Mr. Barreto hopes to expand its horizons. He is

looking to the United States, Japan, the Middle East and the Portuguese-speaking countries of Africa.

Some of the traditional industries are rejuvenating. The textile industry — which accounts for 23 percent of all exports — is successfully exporting stylish ready-made clothes, T-shirts and sweat shirts. Shoe exports increased from 400,000 pairs in 1972 to more than 16 million in 1982.

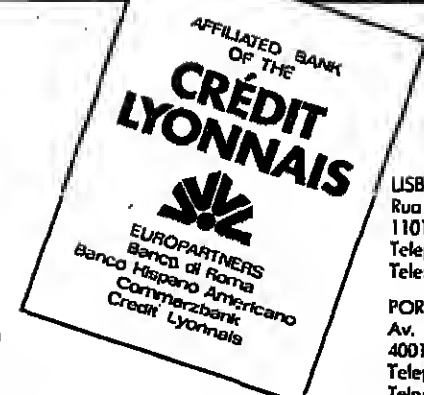
Portugal produces half the world's cork, which represents 6 percent of Portuguese exports in spite of a world slump. Port wines account for a major part of the wine exports.

Production of industrial ceramics has more than doubled in three years.

Portuguese foundries are successfully making and exporting casting and rolling stock. Other factories are turning out hand tools and steel products. New companies are moving in to make electronic components and electrical condensers to send to Europe, the United States and the Far East.

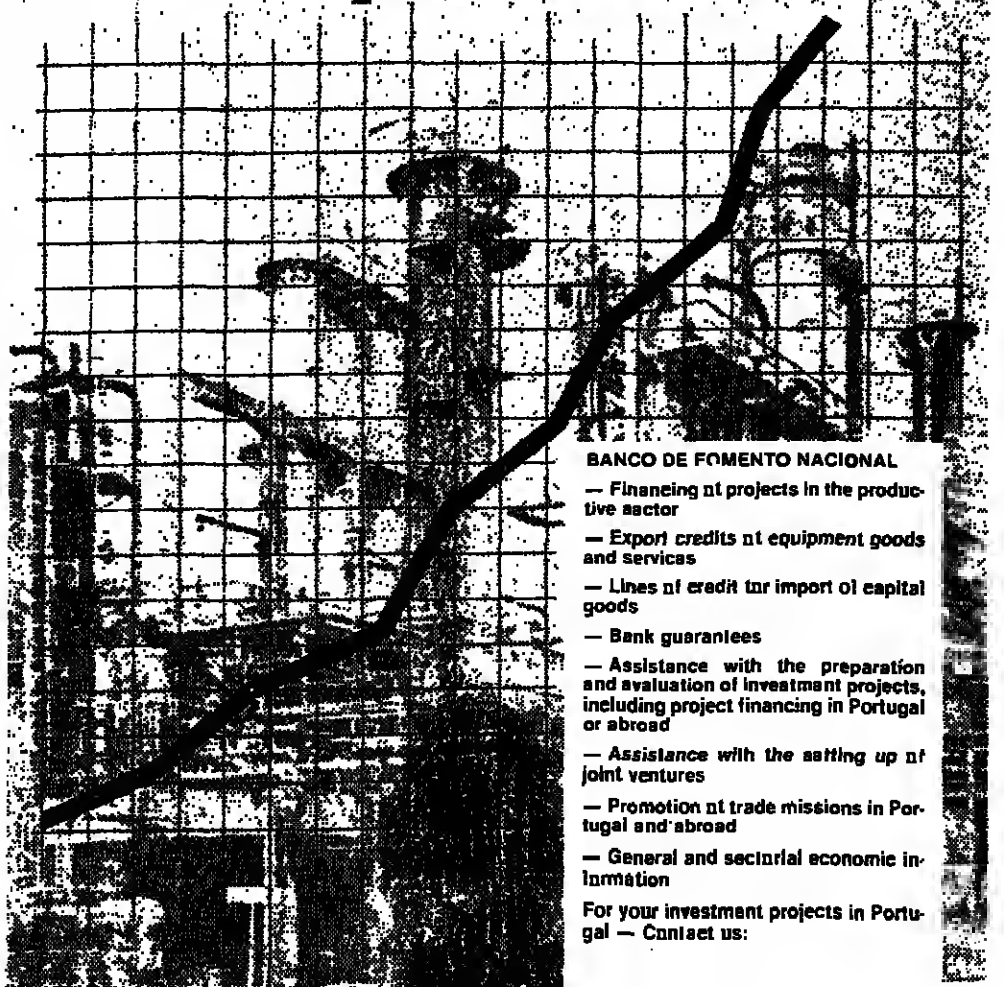
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EUROBONDS

By CARL GEWIRTZ

Market Expected to Keep Churning Until Rates Appear Ready to Decline

PARIS — A rousing \$800 million of Eurobonds was launched on the first day of trading last week, but by week's end the market had lost its vigor.

End-of-quarter pressure on short-term interest rates pushed the cost of overnight money to 10 percent by midweek and by the time that began to abate the anxiety about the latest money-supply figures sent the market into its weekly trance. Late Friday, the Federal Reserve reported a \$2.3-billion increase in the M-1 measure — higher than most analysts were expecting.

Overall, bankers report, financial markets lack conviction about the direction of interest rates and until there is evidence that a decline is under way the bond market will churn.

The most telling sign of investor uncertainty about the direction of interest rates is the volume of floating rate notes, which are generally regarded as providing maximum protection against interest rate fluctuations. The volume of floating rate notes this month, at \$1.6 billion, is greater than the \$1.57 billion of fixed-rate, non-equity-linked dollar bonds.

This week will see the Banco di Napoli issue \$100 million of 12-year floating rate notes with interest set at a quarter-point over the six-month London interbank rate, and guaranteed not to be set lower than 5 1/2 percent. Banco di Roma is also planning to issue a floater.

Denmark dominated the market for floating rate notes last week with its \$300-million of seven-year notes retractable at investors' option to five years. Interest was at 3/16 of a point over the six-month Libor rate — the equivalent of a quarter-point over the mean of the bid-offered rate. Commissions totaled 1 percent, of which 0.3 percent went to managers and 0.7 percent to selling group participants.

Offered at par, the Danish notes ended the week quoted at a discount of 99.15.

Banco Hispano Americano offered \$100 million of 12-year floaters that can be redeemed at par in 1991 or 1993. Hispano Americano paid a commission of 2 percent and the notes, offered at par, were quoted at a discount of 1.6 points.

SNCF Floater Sells Out

The first nonbank floater denominated in sterling was offered last week for SNCF, the French state railway, and was sold out within an hour of the announcement after being increased by £5 million to £75 million. The 10-year notes, which can be redeemed at par in 1990, ended the week quoted at 99.45.

In the straight dollar debt market, Britain made its debut offering seven-year notes at par bearing a coupon of 11 1/2 percent. The issue, announced for \$100 million, was increased to \$125 million and ended the week quoted at a slight discount to yield 11.25 percent.

Critics said Britain could have sold its paper with a lower coupon, but lead manager Goldman Sachs, conceding the point, said the object of the exercise was not to squeeze for the tightest possible terms but to assure a successful debut.

By contrast, Sears offered \$150 million of 10-year bonds at par bearing a coupon of 11 1/2 percent. By week's end, only 85 percent of the issue had been sold and it was quoted at a discount of 1 1/4 points for a yield of 11.85 percent. Sears is expected to have a quarter-point on the coupon.

(Continued on Page 15, Col. 1)

Despite Shocks, Airlines Seen Making Gains

By Agia Salpukas
New York Times Service

NEW YORK — Even for the U.S. airline industry, where upheaval has become endemic, the events of the past 10 days unraveled with startling force.

First, Continental Air Lines filed on Sept. 24 for protection from its creditors under Chapter 11 of the U.S. bankruptcy code and laid off most of its 12,000 workers. Then it slashed its route structure and hired back a third of its employees last Tuesday, at about half their former salaries, to run a much smaller airline.

Later that morning, Eastern Airlines moved. It showed its 37,500 employees a taped message from Frank Borman, its chairman, warning that unless they accepted wage and benefit concessions, Eastern may have to file for bankruptcy like Continental or shut down as Braniff Airways did in May 1982, when it, too, filed under Chapter 11.

If that was not enough to rock the industry, the following day the board of Trans World Corp. said it might spin off the company's only money-losing subsidiary, Trans World Airlines, a step that could make it more difficult for that airline to survive.

On the surface, the announcements seemed to reveal an industry in chaos, threatened by major structural changes and faced with fare wars that could further weaken already vulnerable carriers.

But this impression is misleading. Many industry analysts and executives insisted that, despite the problems faced by the three carriers, the industry was not as vulnerable as it appeared. Instead, most predicted a Darwinian conclusion to the turmoil, with a few strong carriers like United, American, Delta and Northwest growing stronger as they pick up the routes — and traffic — dropped by their weaker competitors.



Frank Borman

The executives predicted that labor would now have to recognize the new competitive pressures brought by deregulation and the recession, pressures exacerbated by the shrinking of Continental.

"Labor is beginning to see, as management did, that it will have to adapt, bend, change, and innovate," said John Maldini, airline analyst for Salomon Brothers. And if Continental's chairman, Frank Lorenzo, "succeeds in what he is doing, then the rest of the industry and management would have a very important vehicle for solving some problems."

The shakeout has also been a relief to Wall Street. "I think its effect is positive," said Anthony Low-Beer, an airline analyst for Rooney Pace, of the Continental action. "It

reduced capacity and knocks some sense into the head of labor."

"This is not to say, however, that the outlook is entirely rosy for the industry. Since deregulation, analysts estimated that airlines have lost \$4.9 billion and have cut tens of thousands of workers."

And some analysts believe further cutbacks are inevitable. They say there are still too many airline seats and too many major airlines with labor costs that are too high for them to compete with such low-cost regional carriers as Southwest Airlines and such new carriers as People Express, which were created after deregulation in October 1978.

An executive at a competing airline who asked not to be identified had some doubts about the Continental action, however, saying that the move may tempt weaker carriers to adopt a similar strategy of cutting back through filing under Chapter 11 even though major risks and questions abound.

"A substantial question," he said, "is whether or not the court will prevent this kind of contract abrogation in light of tremendous union pressure and the litigation that could result."

Another question revolves around jobs and politics. If, the airline executive said, enough major airlines think the Chapter 11 strategy "is a pretty good idea and all of sudden you have 100,000 airline people out of their jobs, I can imagine some activity from the hallowed halls in Washington."

A major risk to the industry is how the public will react to flying on a carrier that is under the protection of bankruptcy laws, or is about to be.

Nonetheless, Mr. Borman did not hesitate to use the specter of Continental in dealing with Eastern's situation. In his message to employees, he made a point of saying that he was taping his message 26 hours after Continental's action. "It

Swedish Business Set to Fight Plan For Labor Funds

By Axel Krause

International Herald Tribune

STOCKHOLM — On Tuesday afternoon, about 30,000 Swedish businessmen, bankers and industrialists are expected to march on parliament here in a first major effort to defeat a controversial government plan to establish powerful, union-controlled investment funds.

The plan, if it takes effect as planned next year, would lead to labor groups purchasing important, and possibly controlling, interest in Sweden's leading companies, banks and insurance companies.

"People like myself don't usually demonstrate in the streets, but this plan is nothing less than a form of socialization and it is unacceptable," said Hans Werthen, chairman of Electrolux, the large appliance maker.

Mr. Werthen said he plans to join hundreds of other top executives in leading the march and that he will be accompanied by his wife. "We need to show how determined we are," he said at company headquarters near Stockholm.

Although the demonstration is expected to draw wide public and media attention, it will not interrupt the traditional opening-day ceremonies of the legislature in which Sweden's king and queen will participate, government officials said.

Nor is it expected to prevent Prime Minister Olof Palme from pressing for support for the fund plan, along with other economic measures, when he addresses the 349-member body on Tuesday.

"There may be new political confrontation in Sweden, but we plan moving ahead with the wage-earner fund plan, which as Palme has repeatedly said, is part of our strategy to pull the country out of the economic crisis," one of his most influential advisers said.

Implementing the plan is a crucial factor in winning labor agreement to keep wage demands moderate next year, he said.

Government officials said detailed legislation probably would be presented to parliament for voting early next month. And most political observers and business leaders interviewed last week were unanimous in predicting that the plan will be approved because Mr. Palme's Social Democratic Party and the supporting Communist Party control a comfortable majority in the legislature.

But most business leaders and (Continued on Page 15, Col. 5)



Olof Palme

Experts Debate Depth of U.S. Recovery, Fed's Next Moves

By Michael Quin

New York Times Service

NEW YORK — While traders scratch their heads in puzzlement over the extent of recent adjustments in Federal Reserve policy, some investors and economists with a longer outlook are debating whether a change in Fed policy is appropriate.

Some of the confusion may be lifted after Tuesday's meeting of the Federal Open Market Committee, the policy-making arm of the Federal Reserve System. Analysts also said the nuances of the Fed's stance may be clearer a few business days after the end of the calendar quarter, a time when unusual borrowing patterns distort overnight interest rates upwards.

The variety of interpretations of Fed policy is partly a reflection of the differences of opinion about growth in the U.S. economy and the money supply, the two key variables that guide Fed officials when

they decide whether to encourage higher or lower interest rates.

Some economists view the economic expansion as strongly enough based to continue for the foreseeable future. Others see a weakening economy, with real growth declining sharply from the 9.7-percent annual rate in the second quarter and falling short of the estimated 7-percent rate for the third quarter.

The government announced Friday a 0.1-percent decline in the

index of leading economic indicators and a 5.1-percent decline in new home sales for August. It was the second consecutive monthly decline in new home sales, which many analysts linked to the increase in long-term interest rates since May.

Similarly, some analysts see that growth in the money supply has slowed sharply to a 3.8-percent rate in the past three months — the Fed announced Friday that M-1, the narrowest measure of the U.S. money supply, rose \$2.3 billion during the week ended Sept. 21 — and conclude that an easier Fed policy is warranted. Others look at the rapid 12.2-percent growth in the money supply over the past 12 months, and say the Fed must

bring that rate down more before an easier policy is warranted.

"It is probably appropriate for the Fed to begin moving rates down slightly in view of the likely future developments in the economy," said John Paulus, chief economist at Morgan Stanley & Co. Although a quarter-point decline in

the closely watched rate for bank loans in the federal funds market would have no discernible effect on the economy, Mr. Paulus said, it would "send a signal, especially to foreign observers, that U.S. interest rates are not likely to go charging up again."

Inflation should not be a problem in 1984, Mr. Paulus said, but could be rising at a rate of 6 percent to 8 percent by the second half of 1985.

Mickey D. Levy, chief economist at the Fidelity Bank, had a different view on the appropriateness of an easier policy.

"It would be a major mistake if the Fed has eased," he said, "and were to bring the funds rate down to 9 percent or 8 1/2 percent, Mr. Levy said."

U.S. Consumer Rates

For Week Ended Sept. 30

Freebook Savings	5.50 %
4-Month Savings Certificates	9.36 %
1-Year Savings Certificates	9.36 %
Bank Money Market Accounts	8.62 %
Bank Home Mortgage	12.25 %

IMF Speeds Effort to Secure New Loans for Brazil

By Carl Gewirtz

International Herald Tribune

PARIS — The international arm-twisting campaign to convince reluctant bankers to lend Brazil an additional \$4.5 billion will accelerate this week with the 60 banks coordinating the rescheduling of Brazil's bank debt summoned to a meeting at the International Monetary Fund on Thursday.

Last Monday, the IMF managing director, Jacques de Larosiere, met with the chairmen of the 14 banks serving as advisers to the rescheduling and after a daylong discussion persuaded them to endorse the need for a new loan of this size. The coordinating committee this week is to hear the same lecture from Mr. de Larosiere and will be expected to then fan out to the signatories of how difficult it will be to get all of Brazil's 600-plus bank lenders to participate in the new loan, representatives of the IMF and the Brazilian government are to travel to Toronto, Honolulu (where the American Bankers Association will be meeting), Tokyo, the Middle East (site still undetermined) and then Zurich and London to try, before as wide an audience as possible, to dispel the cynicism, skepticism and reluctance of Brazil's creditors.

The bank loan is to be part of an

\$11-billion package to tide Brazil over through the end of next year. The IMF says it will not restore its suspended \$4.9-billion loan to Brazil unless the package is put together. In addition to the banks, the industrialized countries are to provide

SYNDICATED LOANS

vide \$2.5 billion in new export credits and another \$2 billion by rescheduling 90 percent of the interest due them in 1984.

Under the current official scenario, Brazil would end 1984 with some \$3.6 billion in liquid reserves, of which \$1.2 billion would result from the production and sale of gold. Currently Brazil has no reserves — a negative balance, in fact, with arrears totaling some \$2.5 billion.

The \$6.5 billion in new money would be the largest syndicated bank loan ever assembled and promises to be the most difficult. The chairmen of the advisory-committee banks may agree to the task, but getting the banks in their region to back them up is another matter.

"It's a Herculean task and getting worse," sighed a banker coordinating the rescheduling of Brazil's commercial debt.

Before last week's meeting,

bankers in Europe were saying they would not provide new money unless a loan carried the guarantee of their home governments. That demand, at present, looks unrealistic and only time will tell whether European institutions with relatively small exposure to Brazil (which by now may have been substantially written down in value) can be coaxed into participating.

A senior official of one major European lender says, "I can't see banks agreeing to provide a new loan without the support of their home governments."

He acknowledges that a formal guarantee looks improbable, but "at the least," he says, "the banks will want a de facto umbrella," that is, a formal request from their home authorities to make the loan. Then, if the loan turns bad, "we can say we were ordered to make the loan."

Meanwhile, other bankers are questioning whether they might not just meet their share of the new loan (roughly 10 percent of their existing exposure to Brazil) by postponing the interest due them in 1984. This raises problems of its own: nonperforming loans generally have to be marked down in value, loan-loss reserves would have to be increased and all of this would show up in the profit and loss accounts of the bank.

In addition, Brazil will be seeking a new-money loan for seven or eight years, and a one-year deferral on interest payments would not fit in the financial recovery plan developed by the IMF.

Bankers who attended last week's meeting with Mr. de Larosiere and a subsequent meeting with Brazilian officials in New York Friday say there has been an effort to fix the maturity and interest-margin terms the new loan would carry.

As one banker explained, "It's not a question of conditions, but of willingness of creditors to participate."

Mexico's request for \$4 billion in new money, which some bankers insist was a surprise, was received without much fuss since its debt crunch is now viewed as under control and improving.

It is widely assumed that Mexico will seek, and receive, easier conditions on its new borrowing than the 2 1/2 points over the London interbank offered rate it paid on last year's \$5-billion loan.

Bankers who met with the Mexicans in New York on Thursday said there has been no detailed discussion on terms and that Mexico would wait until the Brazilian loan — which is expected to create considerable disturbance — has been completed.

N.Y. Banks Draw Battle Lines for CD Struggle

By Sara Rimer

New York Times Service

NEW YORK — The battle lines have been drawn. On East 42nd Street, at the Manhattan Upper East Side, a Citibank branch welcomed customers on Saturday with doughnuts and coffee and, in the window, a flashing red sign said: "The Rate Is Here!"

Around the corner, a branch of the Chase Manhattan Bank — with yellow-faceted walls — gave its chocolate-chip cookies and coffee. Phillips most enticing, there were signs promising \$10 in cash — with certain strings attached.

At the Citibank and Chase branches and at other bank branches in the New York City area, bank vice presidents mingled congenially with the customers and promised to keep the banks open past the scheduled 2 P.M. closing if necessary.

"It was the first day of the long-awaited deregulation of bank certificates, and the top three competitors were Citibank, Chase and Manufacturers Hanover Trust, all of which advertised the highest rate — 11 percent. Those three banks also offered CDs at a minimum of

\$500, thus appealing to small savers as well as larger ones. A CD is a bank account established for a certain length of time. "No gifts, no pans, no pots, no toasters," said Matthew Kissner, a Citibank vice president, who was working at the East Side branches. "Just rates."

"This is a special day," said Dr. Lars Cedervist, who visited his Citibank branch Saturday. "We don't get coffee and doughnuts and smiles every day."

Many bank customers in the metropolitan area, like Dr. Cedervist, took advantage of special Saturday openings to inquire about or open a certificate of deposit.

At a Citibank branch at 72d Street and Amsterdam Avenue on the Upper West Side, Ruth Harrison, a secretary who was checking the rates Saturday, said she was trying to make the most of her modest savings. "I'll be retiring in a few years," she said.

Theresa Molloy, a Chase vice president, toured the 30 Chase branches that were open Saturday. "The competition is fierce," she said. "This is deregulation, and we're in it for the long haul."

Many banks were not involved Saturday. Chemical Bank, accord-

ing to a spokesman, had normal branch hours. "We didn't do any of the enticing," the spokesman, who asked not to be named, said. "Chase and Citi are going head to head."

Outside New York, the banking

situation was apparently much more subdued. Bank of America in San Francisco did not plan to announce its rates until Monday, while the Citizens & Southern Bank of Atlanta was planning to wait until Tuesday.

CURRENCY RATES

Interbank exchange rates for Sept. 30, excluding bank service charges

Unit	Rate	Unit	Rate	Unit	Rate	Unit	Rate
Australian \$	2.95	DM	1.71	FF	1.11	GBP	0.75
Belgian franc	2.36	French F	6.55	Italian L	1.36	Japanese Y	163.60
British pound	2.95	Swiss F	2.00	Spanish P	166.37	South African R	1.48
Canadian \$	1.33	U.S. \$	1.00	Portuguese Esc	200.48	Thai Baht	25.46
Dutch guilder	3.60	West German M	1.00	Yugoslav D	136.73	Israeli S	1.80
French franc	6.55	Swedish Krona	4.66	Israeli S	1.80	Israeli S	1.80
German mark	1.00	Swiss F	2.00	Israeli S	1.80	Israeli S	1.80
Greek drachma	236.54	U.S. \$	1.00	Israeli S	1.80	Israeli S	1.80
Hong Kong \$	7.80	U.S. \$	1.00	Israeli S	1.80	Israeli S	1.80
Indian Rupee	47.50	U.S. \$	1.00	Israeli S	1.80	Israeli S	1.80

Source: Reuters. 1 U.S. dollar = 100 cents.

(a) Commercial bank rates. (b) Amounts needed to buy one pound (£) Units of 100 (c) Units of 1,000

M.A. not quoted; M.A. not available.

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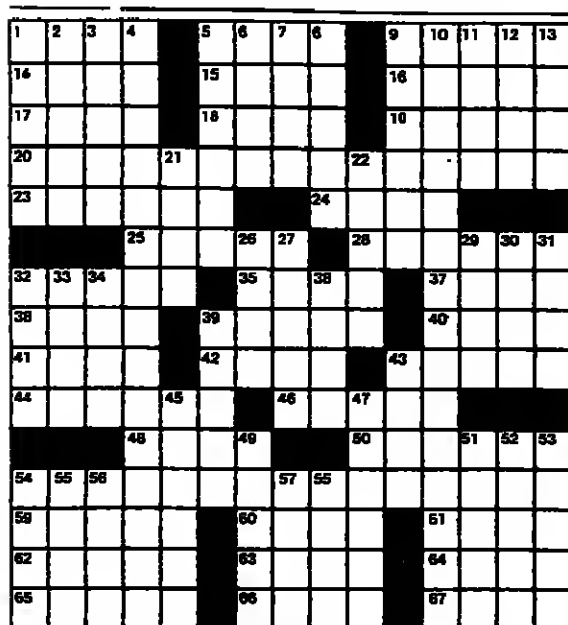
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CROSSWORD



- ACROSS**
- 1 Start of the reign of Philip
5 Excavates
9 Comedian
14 M. Home forte
15 Mr. Bede of fiction
16 Cast
17 Comedian
18 Antonym for abundant
19 French rule
20 Rarely
23 Good
24 Bantu language
25 Ancient
26 Temper or toughen
32 Like licorice sticks
35 Emulate Anne Murray
37 Unemployed
38 Gape
39 Composer
40 Blue or white river
41 Let it stand
42 Colored
43 Perfume
44 Sovereign power
- DOWN**
- 46 Arrive at
48 Merit
50 Aspirations
54 Madagascar, a native
56 Navigator's map
60 Expose
61 Flat plain
62 Sew lessy
63 Rabbit
64 Holy Roman emperor
65 Bulfinch specialty
66 Oppressive domination
67 Tammany foe
- ACROSS**
- 13 Verdon of musicals
21 In a bad way
22 Custom
26 A son of
27 Gunpowder ingredient
28 Revise
29 Jewish, in Soho
31 Primary artery
32 Sheds
33 Beak
34 Long-range weapon
35 Two-wheeled carriage
36 Survive
37 Card game
38 Played at Reno
39 Difficult journey

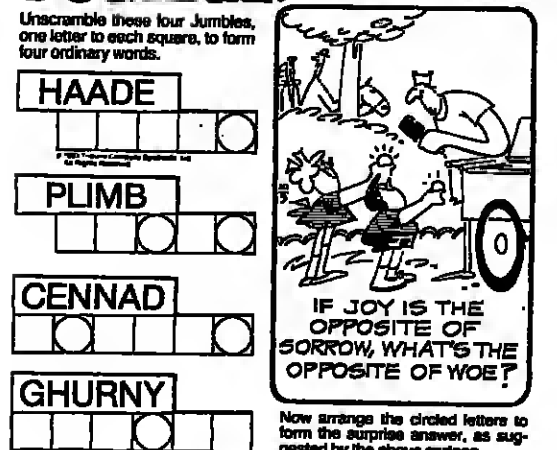
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DENNIS THE MENACE



"YOU BETTER BUY ME SOME NEW BOOTS... THESE AREN'T MY AGE ANYMORE."

JUMBLE



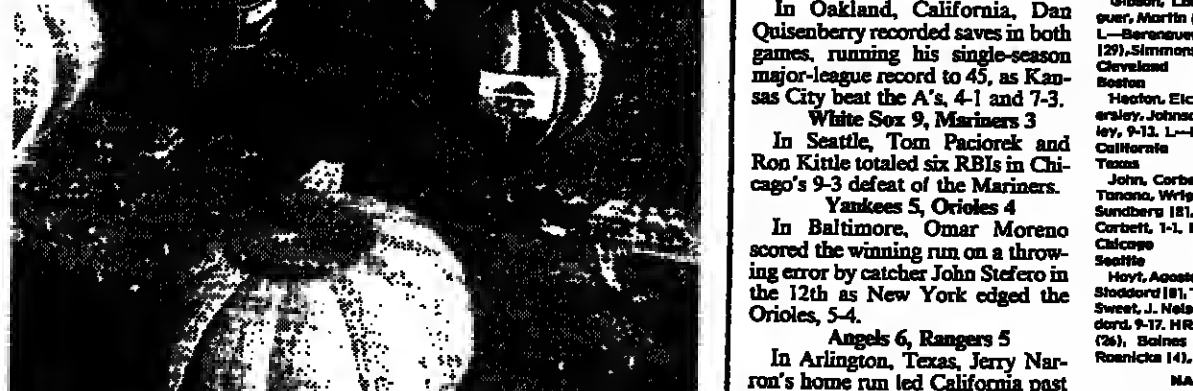
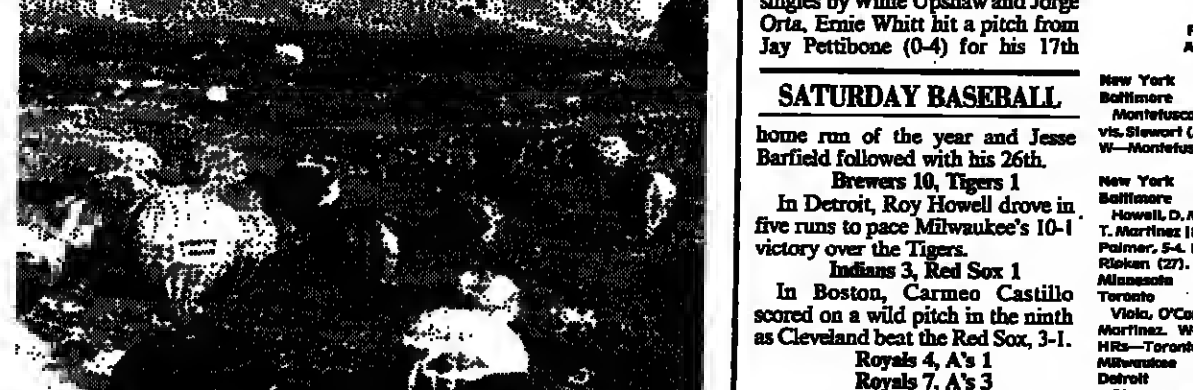
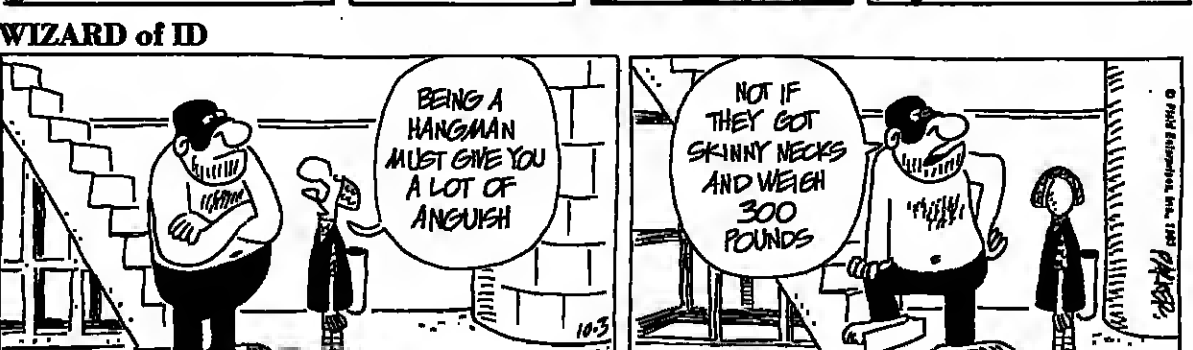
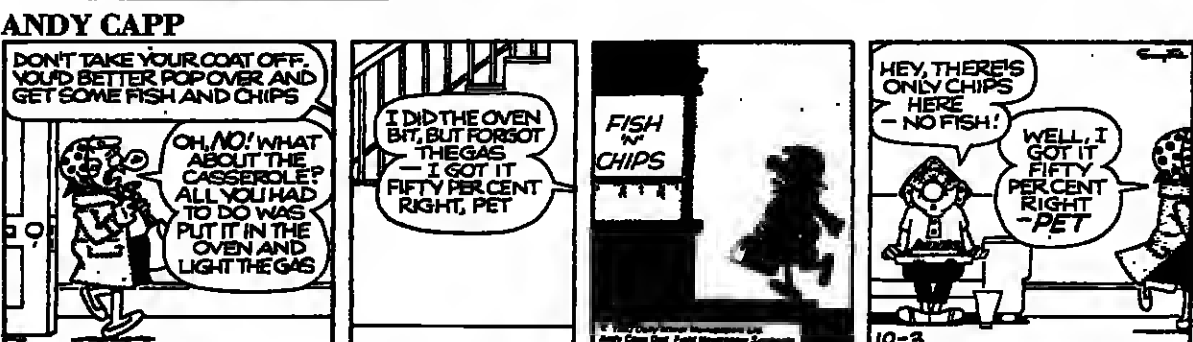
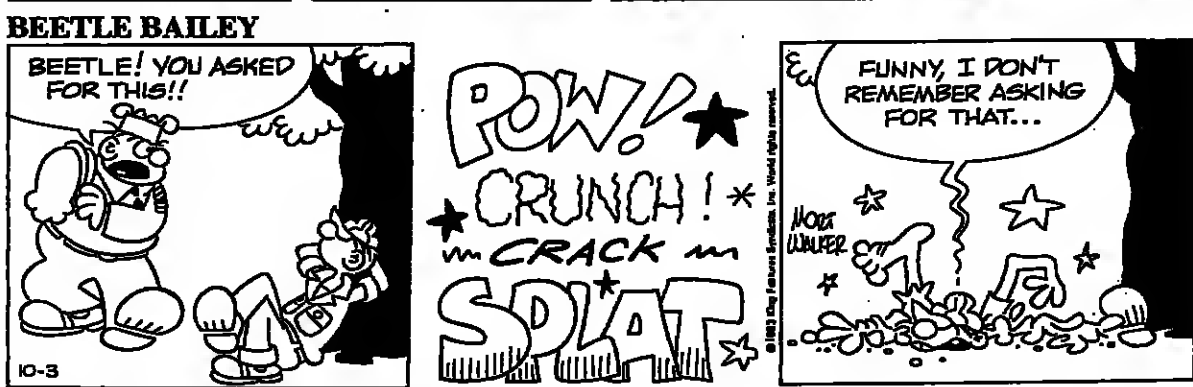
Print answer here:

Friday's Jumbles: MAKER NAVAL PALATE UPWARD
Answer: Could it have been a drama about a famous fleet?—"ARMADA"

WEATHER

EUROPE				ASIA			
	HIGH	LOW	COND.		HIGH	LOW	COND.
Algeria	10	6	F	Bangkok	33	31	F
Amsterdam	10	6	F	Beijing	31	25	F
Athens	10	6	F	Hong Kong	31	25	F
Berlin	10	6	F	Kobe	31	25	F
Bombay	10	6	F	Manila	31	25	F
Buenos Aires	10	6	F	Osaka	31	25	F
Calcutta	10	6	F	Seoul	31	25	F
Cairo	10	6	F	Singapore	31	25	F
Canton	10	6	F	Taipei	31	25	F
Cebu	10	6	F	Tokyo	31	25	F
Colon	10	6	F				
Hankow	10	6	F				
Hong Kong	10	6	F				
Kobe	10	6	F				
London	10	6	F				
Lyons	10	6	F				
Manila	10	6	F				
Medan	10	6	F				
Osaka	10	6	F				
Paris	10	6	F				
Seoul	10	6	F				
Singapore	10	6	F				
Taipei	10	6	F				
Tokyo	10	6	F				
Yokohama	10	6	F				

PEANUTS



HOT-AIR FAIR—Hundreds of balloons ascended Saturday from Albuquerque, New Mexico, at the opening of the weekend International Hot-Air Balloon Festival. Balloonists from around the world will take part in various competitions.

BOOKS

VANESSA BELL

By Frances Spalding. 399 pp. \$22.95.
Ticknor & Fields, 383 Orange St., New Haven, Conn. 06511.

Reviewed by Michiko Kakutani

THOUGH overshadowed these days by the reputation of her sister, Virginia Woolf, Vanessa Bell was a central figure in the literary world of Bloomsbury and an accomplished, if minor, painter, who played a significant role in the English Post-Impressionist circles between the wars. The outpouring of books on Bloomsbury has continued unabated in recent years, and on first picking up this volume, the reader might well wonder what else can possibly be written about this famous group of friends. Yet if much of the background material in Frances Spalding's new biography seems familiar, Vanessa Bell nonetheless emerges as a fascinating woman and artist.

Increasingly adept at balancing the demands of her vocation with those of being a mother and the matriarchal head of a bustling bohemian household, Ness, as she was called by friends, radiated an air of formidable strength and control. Her sister referred to her as "the Saint," and likened her to "a bowl of golden water which brims but never overflows"; the critic Roger Fry called her "an almost perfect being"; another friend compared her to a cathedral—regal and inviolable and pure, and Leonard Woolf observed that "she was blended of three goddesses with slightly more of Athena and Artemis in her and her face than of Aphrodite."

Vanessa, however, was practiced at creating the illusion of beauty and organization. Just as she relied on safety pins to hold her clothes together—she managed, just the same, always to look distinguished—so did she construct a carapace of serenity around her loneliness and fears. Indeed Vanessa's life, like that of most Bloomsbury members, was an extraordinarily unity and complicated affair—so complicated, in fact, that one marvels that they all had so much emotional energy left over to devote to their art.

Though friendship came easily to Vanessa and her circle, love tended to be limited and imperfect—everyone, it seems, was forever falling in love with someone who was in love with someone else. Vanessa, for instance, married the writer Clive Bell, who promptly fell for her sister, Virginia, who, of course, married

Leonard Woolf. In time, the Bells' marriage amicably collapsed, but the configuration it took its place as even messier: Clive's fiercer Roger Fry, who saw, loved Vanessa, who loved Duncan Grant, who loved David (Bunny) Garnett, who loved—and eventually married—Duncan's and Vanessa's illegitimate daughter, Angela.

While Vanessa spent the better part of her life living with the painter Duncan Grant, remained essentially a housewife by inclination, and in order to retain his sexual autonomy, she both tolerated his sexual adventures and permanent boyfriends by absorbing them into their social life. "Clearly a mess of solace was provided by her work—a painbrush, Vanessa once remarked, is 'one dependable thing in a world of strife, no chaos'—and by her children, whom she lavished with suffocating maternal affection. Still, the constant fear that Duncan might one day fail to return after an affair, combined with the fear that her painting was overinflated by his, caused Vanessa considerable distress. Spalding refers to these anxieties, but doesn't always succeed in delineating the complicated machinery of Vanessa's inner life. Aloof, reticent and shy, the artist does not seem willingly to the biographer's probe pen—a frustration that Spalding acknowledges. Vanessa's letters, she writes, "reveal great many details concerning her daily life, but when it comes to what she was feeling, suffering as a result of those dear to her, it is as if she disappears into another room and closes the door."

By way of compensating for this problem, Spalding has chosen to write a thick, fat, packed book. Like a painter of the Pointillist school, she seems to hope that the sheer accumulation of detail will somehow reveal the patterns and designs, but at times, the fact density of this biography simply overwhelms. Do we really care that a friend's brother was killed when her bicycle collided with a bus? Or that Virginia once forgot her sports bag when leaving for a holiday in Spain?

Spalding achieves better results when she pulls back her focus a bit, leaving written earlier book on Roger Fry, she is at ease in the world of early-20th-century art, and she sketches in the intellectual climate of the day with brio and assurance. In addition to providing the reader with an appreciation of Vanessa Bell's development as a painter, she also reveals the crucial roles of Roger Fry and Duncan Grant played in shaping her imagination and aesthetic judgments; doing so, Spalding demonstrates once again just how intertwined personal and artistic concerns were in that little world of Bloomsbury.

Michiko Kakutani is on the staff of The New York Times.

Callas TV Program Planned

CHICAGO—Opera houses in four countries will be linked by satellite Dec. 11 in an international television program marking the 60th anniversary of the birth of Maria Callas. The two-hour program will present live performances from La Scala in Milan, the Paris Opera, the Royal Opera House in London and the Lyric Opera of Chicago, as well as film clips of the late soprano in performance.

BRIDGE

By Alan Truscott

A fine play by South on the diagrammed deal gave an opponent a chance to err, and the bait was duly swallowed. South overcalled the one-diamond opening with one spade.

West's double was negative, suggesting some length in hearts, and the two no-trump by North had a specialized meaning. It showed at least four-card spade support with invitational values or better.

Against three spades, West led the diamond queen. South immediately saw that he was in a hopeless contract. With normal play and defense, indeed, he must fail by two tricks. The defense can take five top winners and a heart ruff.

But instead of making the normal play of the king or the queen from dummy, South laid his trap by playing dummy's four. East now assumed that his partner had led a singleton and put up the ace.

East should now have paused to play the heart ace, to see what kind of reaction he received from his partner. Instead, feeling sure about the diamond situation, he returned the suit in the expectation of a ruff. And as he wanted his partner to return a heart, he played the diamond ten, a suit preference signal.

This was very gratifying to South, though not to West. A heart was thrown from the closed hand, and the queen won in the dummy. Now South

draw trumps in two round ending in the dummy, and dived two more hearts to diamond winners. He lost to club tricks and emerged with an improbable overtrick.

In Philadelphia, Jeff Stone hit a two-run triple in the eighth to lift the Phillies, 5-3, over Pittsburgh.

In Los Angeles, rookie left-hander Mark Davis pitched a four-hitter over 8½ innings as San Francisco defeated the Dodgers, 4-1.

In San Diego, George Krehbiel singled with the bases loaded in the bottom of the 10th for the Padres 4-3 victory over Atlanta.

Blue Jays' Alexander Beats Twins for 7th Straight

United Press International
TORONTO—Doyle Alexander pitched a nine-hit complete game as Toronto defeated Minnesota, 4-3, here Saturday. Alexander (7-8) struck out three and walked one en route to his seventh consecutive victory, tying a club record.

The Blue Jays scored all their runs in the fourth inning. After singles by Willie Upshaw and Jorge Orta, Emme Whitt hit a pitch from Jay Pettibone (0-4) for his 17th

28th home run of the season, a three-run first-inning blast, helped lift the Mets past Montreal, 5-4.

In Houston, Frank Pastore scattered 11 hits as Cincinnati downed the Astros, 6-4.

Phillies 5, Pirates 3
In Philadelphia, Jeff Stone hit a two-run triple in the eighth to lift the Phillies, 5-3, over Pittsburgh.

Giants 4, Dodgers 1
In Los Angeles, rookie left-hander Mark Davis pitched a four-

hitter over 8½ innings as San Francisco defeated the Dodgers, 4-1.

Padres 4, Braves 3
In San Diego, George Krehbiel singled with the bases loaded in the bottom of the 10th for the Padres 4-3 victory over Atlanta.

Friday's and Saturday's Baseball Line Scores

FRIDAY'S RESULTS				SATURDAY'S RESULTS			
AMERICAN LEAGUE				AMERICAN LEAGUE			
New York	100 000-2-1	1	1	New York	100 000-2-1	1	1
Baltimore	100 000-2-1	1	1	Baltimore	100 000-2-1	1	1
Philadelphia	100 000-2-1	1	1	Philadelphia	100 000-2-1	1	1
Pittsburgh	100 000-2-1	1	1	Pittsburgh	100 000-2-1	1	1
St. Louis	100 000-2-1	1	1	St. Louis	100 000-2-1	1	1
Washington	100 000-2-1	1	1	Washington	100 000-2-1	1	1
Chicago	100 000-2-1	1	1	Chicago	100 000-2-1	1	1
Cleveland	100 000-2-1	1	1	Cleveland	100 000-2-1	1	1
Detroit	100 000-2-1	1	1	Detroit	100 000-2-1	1	1
Kansas City	100 000-2-1	1	1	Kansas City	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
Minnesota	100 000-2-1	1	1	Minnesota	100 000-2-1	1	1
Montreal	100 000-2-1	1	1	Montreal	100 000-2-1	1	1
Toronto	100 000-2-1	1	1	Toronto	100 000-2-1	1	1
Seattle	100 000-2-1	1	1	Seattle	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2-1	1	1
San Francisco	100 000-2-1	1	1	San Francisco	100 000-2-1	1	1
San Diego	100 000-2-1	1	1	San Diego	100 000-2-1	1	1
Atlanta	100 000-2-1	1	1	Atlanta	100 000-2-1	1	1
Los Angeles	100 000-2-1	1	1	Los Angeles	100 000-2		

SPORTS

Illinois Overpowers Iowa, 33-0

CHAMPAIGN, Illinois — Jack Truduan threw three first-half touchdowns passes and the University of Illinois defense shut down Iowa in a 33-0 upset of the previously unbeaten Hawkeyes here Saturday.

It was the second straight upset victory by Illinois. Last week, it defeated highly regarded Michigan State, 20-10, in another Big Ten conference game.

The pass rush was relentless Saturday, forcing Iowa quarterback Clark Link to scramble out of the pocket and take losses of 55 yards in the first half and 27 in the second. Link also had two interceptions.

Truduan, taken out early in the fourth quarter, completed 23 of 32 passes for 286 yards. Chris White himself threw two touchdowns in the second half, raising the Illini's conference record to 2-0 and overall to 3-1. Iowa fell to 1-1 in the season. Wayne Brown, a 1-yard run by tailback King Harvey and a 49-yard field goal by Paul Woodside.

U.S. COLLEGE FOOTBALL

Spalding's chosen to lead the team. Like a former of Mike Rozier, Spalding added two touchdowns and designs, but at a cost of 63-7. The team's record is 1-1 in the season. Wayne Brown, a 1-yard run by tailback King Harvey and a 49-yard field goal by Paul Woodside.

Alabama 44, Memphis 13. In Tuscaloosa, Alabama, Walter Jones threw three scoring passes.

U.S. College Football Scores

EAST	MIDWEST	SOUTH
Alabama 44, Memphis 13	Bowling Green 24, E. Michigan 21	Alabama 44, Memphis 13
Arkansas 24, Tennessee 10	Central Michigan 21, Kent 7	Arkansas 24, Tennessee 10
California 24, Stanford 10	Cincinnati 21, Miami 7	California 24, Stanford 10
Florida 24, Georgia 10	Cornell 21, Cornell 7	Florida 24, Georgia 10
Georgia 24, South Carolina 10	Illinois 33, Iowa 0	Georgia 24, South Carolina 10
Michigan 20, Michigan State 10	Indiana 21, Indiana 7	Michigan 20, Michigan State 10
Minnesota 24, Minnesota 10	Michigan 21, Michigan 7	Minnesota 24, Minnesota 10
North Carolina 24, North Carolina 10	Nebraska 21, Nebraska 7	North Carolina 24, North Carolina 10
Ohio State 24, Ohio State 10	New Mexico 21, New Mexico 7	Ohio State 24, Ohio State 10
Oregon 24, Oregon 10	Northwestern 21, Northwestern 7	Oregon 24, Oregon 10
South Carolina 24, South Carolina 10	Ohio State 21, Ohio State 7	South Carolina 24, South Carolina 10
Texas 24, Texas 10	Penn State 21, Penn State 7	Texas 24, Texas 10
Virginia 24, Virginia 10	Rice 21, Rice 7	Virginia 24, Virginia 10
Washington 24, Washington 10	San Diego 21, San Diego 7	Washington 24, Washington 10
Wisconsin 24, Wisconsin 10	Texas Tech 21, Texas Tech 7	Wisconsin 24, Wisconsin 10
Yale 24, Yale 10	UCLA 21, UCLA 7	Yale 24, Yale 10



Navy middle guard George Herlong (52) went after a fumble deep in Washington territory early in Saturday's game, but center Dan Ertissee kept Herlong tied up long enough for his quarterback, Steve Pelleur, to recover. Washington won.

Redskins Rally to Beat Raiders

WASHINGTON — Joe Theismann's third touchdown pass of the game and second to Joe Washington, a 6-yarder with 33 seconds remaining, rallied the Washington Redskins to a 37-35 National Football League victory here Sunday over the previously unbeaten Los Angeles Raiders.

Theismann brought the 4-1 Redskins from a 35-20 deficit with 7:31 to play, first passing 11 yards to Charlie Brown with 6:15 to go and putting the "Skin" in position for Mark Moseley's 34-yard field goal with 4:28 left.

After Washington's defense held, Theismann drove his team 69 yards in five plays, the big ones being passes of 26 and 28 yards to Brown, before finding Washington in the middle of the end zone.

Theismann completed 23 of 39 passes for 417 yards in an electrifying game that overshadowed a remarkable performance by Raider quarterback Jim Plunkett.

Plunkett passed for four touchdowns — a record-tying 99-yard play to Cliff Branch, completions of 35 and 22 yards to Calvin Muhammad and a 2-yarder to Todd Christensen. The Raiders' other touchdown came on Greg Pruitt's team-record 97-yard punt return.

The Raiders, who had committed only seven turnovers in their first four games, had six Sunday — including three interceptions and a fumble on their first four possessions.

The Redskins got 10 points on their own: John Riggins went in from 2 yards out and Moseley kicked a 28-yard field goal.

Cowboys 37, Vikings 24. In Minneapolis, cornerback Ron Fellers returned an interception 58 yards for a touchdown as unbeaten Dallas came from behind to beat Minnesota, 37-24. Down 24-13 at the half, the Cowboys came back to drive 47 yards for a touchdown, Ron Springs scoring on a five-yard run. Dallas (5-0) went in front, 27-24, on Fellers' interception; he stepped in front of a pass intended for Sam McCullum and raced untouched down the sidelines. The Cowboys made it 34-24 with an 84-yard drive capped by a 12-yard pass from Danny White to Drew Pearson.

Steelers 17, Oilers 10. In Pittsburgh, Cliff Stoudt hit Walter Abernethy with a 51-yard touchdown pass and Gary Anderson kicked an 18-yard field goal to rally the Steelers from a 10-7 fourth-quarter deficit to a 17-10 victory over winless Houston.

Stoudt's pass to Abernethy ruined a fine defensive effort by Houston. On a 28-and-10 from Pittsburgh's 49, the Oilers forced Stoudt out of the pocket, but he broke free of three defenders along the sideline and slipped to Abernethy. The second-year man caught the ball around the Houston 30 and raced down the sideline to put Pittsburgh ahead 14-10, with 4:08 gone in the final quarter.

Colts 24, Bengals 31. In Cincinnati, Curtis Dickey ran three yards for a touchdown with



Joe Theismann. A six-yarder with 0:33 to go.

Dodgers, With Padres' Help, Clinch Flag in National West

LOS ANGELES — Ken Landrum singled home two runs and rookie Dave Anderson hit his first major-league home run here Friday night as the Los Angeles Dodgers, who had clinched the National League West title an hour earlier.

Phillies 2, Pirates 1. In Philadelphia, John Denny notched his 19th victory, sparking the Phillies' 2-1 triumph over Pittsburgh. Sixto Lezcano and Gary Matthews drove in a run apiece to support Denny, who worked six innings to notch his sixth straight victory and raise his record to 19-6. It was Denny's 13th victory in his last 14 decisions, and he lowered his earned run average to 2.37.

Cardinals 9, Cubs 2. In St. Louis, George Hendrick delivered three doubles and drove

FRIDAY BASEBALL

when Atlanta lost to San Diego, downed the San Francisco Giants, 4-3.

Los Angeles will open the National League championship series at home Tuesday night against the Philadelphia Phillies.

The Dodgers learned of the Braves' defeat in the top of the third inning. Fernando Valenzuela (15-10) had shut out the Atlanta Braves in a four-run eighth, 4-3. Billy Sample led off the 10th off Doug Corbett (1-1) with his fourth hit of the game to start the winning rally. Tom Henke (1-0) pitched three innings of one-hit relief for the victory.

Yankees 6, Orioles 4. In Baltimore, Cal Ripken homered and Jim Palmer won his 268th career game as the Orioles defeated New York, 3-2, and split a doubleheader. In the 6-4 opener, the Yankees' John Montefusco won his fifth straight game since coming to the American League.

White Sox 9, Mariners 4. In Seattle, Harold Baines and Carlton Fisk drove in two runs apiece in a four-run eighth and Larry Hoyt won his 24th game to lead Chicago over the Mariners, 9-4.

Howard Fired As Met Leader

NEW YORK — Interim Manager Frank Howard was dismissed by the New York Mets Sunday, the final day of the 1983 baseball season. General Manager Frank Cashen, who fired Joe Torre as manager on the final day of the 1981 season, said Howard would be offered another position in the organization and that a new manager would be named as soon as possible.

Cashen said he had talked to the Mets coaches, Bobby Valentine, Gene Dugas, Jim Frey and Bill Monbouquette, and that their futures would not be determined until a new manager is named.

Howard, 47, was hired on an interim basis to replace George Bamberger on June 3, when the team was 16-30.

"In the first half of the season, we were hopeless," Cashen said. "In the second half, we were hopeful. For that, we can credit Howard. But despite that, we made a decision to go in another direction." The Mets went into Sunday's season-ending doubleheader against Montreal with a 50-64 record under Howard.

Final Day, Final Pause for Reflection

WASHINGTON — The final Sunday of the regular season is baseball's most delicious day for digestion. The pennant races are finally all locked up and it's not quite time yet to start skipping heartbeats over the playoffs.

Perhaps a batting title or a home run championship is going down to the last swing of the last game. Can Bill Madlock keep his Mad Dog's nose in front for a fourth silver bat? Will Cal Ripken have one more good day and win five hitting titles — runs, doubles, hits, total bases and extra-base hits?

Final Day is an end as well as a beginning. It's a time to reflect on the season, to look back on the triumphs and the disappointments, to look forward to the future.

Next, we turn to the most of any season. After all our silly predictions, what did reality have to say?

The division titles went to Chicago, Baltimore, Philadelphia and Los Angeles, a new champion in 1983. Thirteen clubs, half the sport, have made it into baseball's tidy four-team playoffs since 1980. You can't spread the glory around much better.

It has become clear that a contending team can be built in any of several ways. The White Sox, in three years, have gone from bottom to top, thanks to heavy, but not ridiculous, spending. The Orioles have stayed in contention without buying a single expensive free agent; they have built through their farm system while re-signing their home-grown talent at competitive salaries.

The Blue Jays and Tigers have reached contender status without a free agent in sight. The Cubs, Mets and Padres have spent foolishly for city vets and where has it landed them? The Yankees, the early winners in this sweepstakes, are now burdened with enormous salaries that restrict their ability to make trades or restructure their team.

Baseball still has small-market teams that compete at a disadvantage; it's a problem. But the sport's unwritten economic laws have never been fair. Does anyone think the Browns and Senators had an equal chance against the Yankees?

If the modern free-agent era has caused any significant damage to the balance of competition, it defies documentation. No team will win 100 games in '83. As of Sept. 1, there were 14 teams in pennant contention. Only one team will lose more than 95 games this year, and that club — Seattle — is under the direction of folks who would have found the key to the cellar in any era.

When, if ever, have fans followed the fortunes of teams that could fly so high one year, then, under slightly altered stars, fall so suddenly?

A year ago, the Brewers were the Big Blue Brew Crew — and not an old club, either. Now they're in fifth place. Blew out a couple of key arms to grab a

Australia, Sweden in Cup Final

SYDNEY — John Fitzgerald swept Australia into the Davis Cup final Sunday with a tenacious upset of French champion Yannick Noah. Australia will meet Sweden in the final in Melbourne, Dec. 26-28.

Fitzgerald, playing in his first cup semifinal, beat Noah, 13-11, 4-6, 6-3, 6-4, with a sustained power game. Noah is ranked fourth in the world while Fitzgerald is listed 334.

Pat Cash completed the winners' 4-1 rout of France by downing Henri Leconte, 11-9, 6-4, 6-3.

In Saturday's doubles, Mark Edmondson and Paul McNamee beat Sweden's 2-1 edge with an 11-9, 6-4, 6-3 victory over Noah and Leconte.

Sweden moved into the final for the first time since 1975 on Saturday, when Anders Jarryd and Hans Simonsson crushed Guillermo Vilas and Jose Luis Clerc, 6-3, 6-3, 6-6, for an unbeatable 3-0 lead. Late

Elsewhere, three other nations held out berths in the World Group, while four countries won zonal competitions to move into the same bracket for 1984.

In relegation rounds similar to that between the United States and Ireland, Britain defeated Chile, Czechoslovakia eliminated the Soviet Union/Denmark downed Indonesia and Denmark downed Indonesia.

In Eastbourne, England, John Lloyd and Buster Mottram, playing as a cup doubles team for the first time in seven years, scored a 6-4, 6-2, 6-1 victory over Chilean Beis Brjoun and Jaime Fillo, giving Britain a 3-0 advantage.

In Prague, Pavel Slozil and Libor Pimek defeated Alexander Zverev and Andrei Ochirkov of the Soviet Union, 6-0, 6-4, 6-2, to complete the Czechoslovakia's opening matches sweep. Earlier, Tomas Smid had beaten Zverev, 4-6, 8-6, 4-6, 6-4, 6-4.

In Copenhagen, Peter Bastiansen and Michael Mortensen defeated Justojo Tarik and Tentus Wibowo, 7-5, 6-2, 6-3, to put Denmark over the top against Indonesia and stay in the 16-nation World Group. Earlier, in singles, Mortensen had beaten Tarik, 11-9, 6-3, 6-4, and Bastiansen had downed Wibowo, 13-11, 4-6, 6-1, 6-4.

The four zonal winners were Ecuador, Yugoslavia, India and West Germany.

In Guayaquil, Ricardo Icaza defeated Carlos Kirmayr, 8-6, 6-2, and Raul Viver stopped Marcos Hovecar, 6-3, 6-4, as Ecuador swept its five American Zone matches against Brazil. Earlier, Andres Gomez had defeated Kirmayr, 6-3, 6-2, 6-0, and Icaza had beaten Hovecar, 7-5, 1-6, 6-2, 6-2, Gomez and Icaza downed Kirmayr and Casio Motta in doubles, 6-3, 11-9, 3-4, 4-6, 6-1.

In Zagreb, Yugoslavia took a 3-0 lead over Hungary in European Zone B play when Slobodan Zivonjovic and Marco Ostoa teamed to defeat Hungarians Peter Szoke and Robert Machan, 6-4, 6-3, 10-12, 6-3.

In Tokyo, Vijay and Kamawazumi defeated Jim Kaniwazumi and Toru Yonazawa, 6-1, 6-8, 6-4, 6-2, to give India a 3-0 lead over Japan in Eastern Zone play.

In Freiburg, West Germany took a 3-1 European Zone A lead over Switzerland on Sunday when Michael Westphal defeated Roland Stadler, 7-5, 6-2, 8-10, 6-2. The hosts had moved ahead, 2-1, on Saturday, when Damiir Kereti downed Stadler, 6-0, 6-3, 5-7, 1-6, 6-2, in a match held over from Friday, and Andreas Maurer and Wolfgang Popp defeated the brothers team of Markus and Heinz Guntardt, 6-2, 2-6, 6-1, 6-2.

SPORTS BRIEFS

Tulsa Beats Toronto for NASL Title

VANCOUVER, British Columbia (UPI) — Ron Fletcher, taking advantage of an official parking, scored one goal and helped set up another as the Tulsa Roughnecks beat the Toronto Blizzard, 2-0, in the North American Soccer League's championship game here Saturday.

Fletcher, whose suspension from the league's showcase game was lifted Friday by NASL President Howard Samuels, netted the clinching goal and set the stage for the game-winner by drawing a foul just outside the Toronto penalty area.

After the foul against Fletcher, Njogo Pesa scored on an indirect free kick from 19 yards out at 55:36. Before a crowd of 53,326, Tulsa stretched its advantage to 2-0 at 61:37 when Fletcher scored on a tap-in of a ball headed over the Toronto defense by teammate Terry Moore.

Fletcher, Tulsa's leading scorer with 15 goals during the regular season and five in the playoffs, had been given a third yellow card for rough play as Tulsa's semifinal triumph over Montreal. By league rules, that meant a game suspension, but Samuels late Friday overruled his own officials and allowed Fletcher to play "for the sake of the sport."

Colbert Leads by 2 in Texas Open

SAN ANTONIO, Texas (UPI) — Jim Colbert's long, accurate drives shaped him to a 4-under-par 66 and a two-stroke lead over Mark Pfeil here Saturday's third round of the 54th Texas Open golf tournament.

Colbert, who led by a stroke after Friday's second round, is at 16-under-par 194.

Pfeil surged out of eighth place with a 7-under 63 that included seven birdies — one on a put of 50 feet.

Defending champion Jay Haas shot a 67 to join the third-place tie at 100 with David Edwards (69), Doug Towell (65), Tony Sills (69) and George Card (70). Craig Stadler, the first-round leader, had a 70 on the first round for a 207 total.

Ballesteros to Join 1984 PGA Tour

ST-NOM-LA-BRETECHE, France (AP) — Severiano Ballesteros, who on Sunday won a professional golf tournament here, said he has agreed to play the U.S. PGA tour in 1984. "I will probably be starting my American schedule with the Doral Open in mid-February," said the 26-year-old Spaniard.

Ballesteros, winner of the 1979 British Open and the 1980 and '83 Masters tournaments, will be committed to a minimum of 15 U.S. tournaments, which will mean a cutback in his European appearances.

'Arc' Again Won by Filly

PARIS — All Along, the 37-1 outsider rejected by British jockey Lester Piggott, made a well-timed late run Sunday to win the 62d Prix de l'Arc de Triomphe.

Walter Swinburn, the second choice as rider, slipped the 4-year-old filly through the rail in the final 50 meters of Europe's richest horserace to claim the \$125,000 first prize.

It was the third year in a row, and the eighth time in the last 11 years, that a filly has won the Arc, traditionally Europe's major showcase for pedigreed bloodstock.

All Along, trained in France by Patrick Biancone for owner Daniel Wildenstein, won by a length over 11-to-1 shot Sum Princess, who led for a good part of the 2,400-meter (1 1/2 miles) course.

With Willie Carson up, Sum Princess edged Maurice Philippere on Luth Enchantee in a three-way photo for second.

Luth Enchantee, at 14-1, was awarded third place just ahead of the 5-to-1 favorite, Time Charter, whose characteristic final charge came too late for inexperienced jockey Billy Newnes to repeat his success in the King George VI and Queen Elizabeth Stakes at Ascot earlier in the season.

Filly took Sunday's top four places after Diamond Shoal, a colt, made most of the early running.

Piggott turned down the chance to ride All Along, preferring last year's third-placed horse Awaraz. His confidence went unwarmed; both Piggott and the other veteran jockey seeking a fourth win in the Arc, Yves St-Martin, were unplaced.

Worth a total of \$312,500 in prize money, the 1983 Arc was held under overcast skies at Longchamp Racecourse.

The going was firm despite morning drizzle, and the 26 runners and riders maintained a fast pace throughout.

Transition

PITTSBURGH — Activated Tunch Iltis, Pittsburgh, Col. Mark Kirschner, offensive tackle. SAN FRANCISCO — Signed John Chaves, guard. Volney Davis, linebacker, and Mike Clark, defensive end.

WASHINGTON — Activated Art Monk, wide receiver. Released Dave Stief, wide receiver.

United States Football League

LEAGUE — Announced that the Chicago Blitz and the Arizona Wranglers have switched franchises. Including the entire roster of players.

CHICAGO — Named Mervyn Levy head coach.

DENVER — Signed Wade Manning, wide receiver.

LA EXPRESSES — Signed Reggie Brown, running back, to a multiyear contract.

HOCKEY

HARTFORD — Re-signed the rights to Fred Arthur, defenseman, from Philadelphia. Acquired Greg Malone, center, from Pittsburgh for a third-round 1985 draft pick.

LOS ANGELES — Activated Fred Barrett, defenseman, from Minnesota for future considerations. Released Mike Bluke, goaltender, from New Haven of the American Hockey League. Sent Gary Luskowski, goaltender, to New Haven.

N.Y. RANGERS — Assigned Ron Scott and John Vanbiesebroeck, enforcers, Doug Barron, Scott Kleinow, Grant Ledyard, Graeme Macdonald, Chris Renaud and Steve Richmond, defensemen, Gary Burns, Glen Carner, Gary DeGaris, Steve Haskins, Chris Korfus, Jim Morone, Steve Morrison and Bob Scurlfield, forwards, to Tulsa of the Central Hockey League.

TORONTO — Sent Bob MacMillan and Doug Sheard, defensemen, and Ken Strong, center, to the St. Catharines Saints of the American Hockey League.

Major League Standings

CHICAGO—Released Harry Martens, outfielder.

BASKETBALL

National Basketball Association

CLEVELAND—Reached verbal agreement with World B. Free guards on a multi-year contract.

BOSTON—Signed Fryer Norris, center, Sherrod Arnold, forward, Clyde Corley, guard-forward, Johnny Martin, forward-center, and Bill Davis, center, to multi-year contracts.

GOLDEN STATE—Signed Mike Bratz, guard and Poza Manning, guard.

MILWAUKEE—Signed Kevin Grayson, guard, announced that Ted Kihlberg, forward, was traded to his parent.

NEW JERSEY—Signed Bill Williamson, Bruce Kozarski, forwards, Harace Owens, Zack Jones and Perry Harris, forwards, Les Combs, center, to multi-year contracts.

NEW YORK—Signed Ed Sherrod, guard.

PHOENIX—Signed Rod Foster, guard, on a two-year contract and Donald Whitfield, forward, on a three-year contract.

FOOTBALL

National Football League

GREEN BAY—Cut Maurice Harrow, safety.

L.A. RAMS—Signed Jackie Jordan, centerback, Cut Jeff Simmons, wide receiver.

MIAMI—Signed Matt Moore, wide receiver, and Mike Smith, tight end, on a series of one-year contracts.

NEW ORLEANS—Activated Greg Etnick, running back, Cut Bill Hurley, safety.

N.Y. GIANTS—Activated Leon Britts, running back, and placed Cliff Campbell, running back, on the injured reserve list.

NEW YORK—Signed Mike Williams, running back, released Dave Smith, running back

LANGUAGE

Russian Fiddlesticks

By William Safire

WASHINGTON "Fiddlesticks! I'm going." So said one Soviet fighter pilot to another as he prepared to shoot down the civilian aircraft in Russian airspace. Or so the translation provided by the U.S. government goes; in fact, the Russian words used by the pilot to express his astonishment or irritation were *yolki palki*.

When pressed for an explanation of the literal meaning of *yolki palki* — a reduplication, such as *okedy-okedy* or *higgledy-piggledy* in English — Michael Lyssenko, a press officer in the Soviet Embassy in Washington, informed me that it "refers to Christmas trees."

Christmas trees? "If someone tells you something extraordinary that you don't believe, you might say, 'Oh, *yolki palki*!'" reports the Soviet official. "Or if you're doing hard work and you have difficulties, you might use it. It's a mild exclamation."

Another Russian source defines the term as "twigs." Time magazine, in exploring the etymology of the musty slang used by both U.S. and Soviet translators, offers "the sticks of a fir tree," which is often used as a Christmas tree — justify a translation to *fiddlesticks*.

TRAGEDIES often churn up outmoded or colorful expressions that expose cross-cultural metaphors. Tass translated a Soviet Army newspaper interview with one of the fighter pilots in which the pilot of the Korean Air Lines jumbo jet was described as a flier who "knew his onions."

That expression was first spotted in English in 1922 and is defined by the Oxford English Dictionary's supplement as "to be experienced or knowledgeable in the subject, etc., on hand."

Some slangs have speculated that to know your onions is rooted in the work of Dr. Charles Talbot Onions, the last of the editors of the original Oxford English Dictionary, described by his successors as "for many years the doyen unquestioned of English lexicography." This is probably the folk etymology of some common food items used in similar expressions: to know your onions and bananas, as well as the more general stuff. (Beans are used

only in the negative sense; though a smart person knows his *beans*, a dope doesn't know *beans*. This subject was treated exhaustively in a previous article, and a pile of mail came in with additional references; any reader who thinks I can give scatological examples in a family newspaper doesn't know his left elbow from third base.)

JUST as the Russians are sometimes off-key in their use of American expressions, we sometimes misappropriate Soviet jargon. One such word is *adventurist*. Of late, American spokesmen have taken to denouncing Soviet actions around the world as *adventurist* when they mean *expansionist* or *aggressive*. To a Soviet official, when a policy is *expansionist*, that's not bad; but when a policy is *adventurist*, that's stupid. I am indebted to Undersecretary of Defense Fred Ikle for this selection from the works of Lenin, dated April 9, 1917: "The class-conscious workers stand for the undivided power of the Soviets . . . power made possible not by adventurist acts, but by clarifying proletarian minds."

To a Communist, *adventurism* is ill prepared and dangerously impulsive, while *expansionism* by Communist power is studiously prepared and necessary. (When practiced by others, it is *imperialism*.)

On occasion, a slang term is chosen in English that can confuse not only the Russians but the Americans as well. When President Reagan told congressional leaders that he was placing additional marines near Lebanon, he was reported to have said that this action laid down "a marker for the Syrians."

What is a marker? To a gambler, it is an IOU; to a bookworm, a bookmark; to an academic, a person who grades papers; to a military commander, a marker is a flag, buoy, stake or ship used to indicate the position of a unit.

Les Janka, the White House press assistant who is frequently called upon to translate from the Reaganese, offers this explanation: "The word could be *signal*; the word could be *warning*; the word could be *notice*." Such studied ambivalence is the essence of diplomacy, except to those who are of two minds about being ambivalent.

New York Times Service

A Writer's Elegant Lima Retreat

By Edward Schumacher

New York Times Service

LIMA — When the Peruvian novelist Mario Vargas Llosa was a struggling writer in Paris in the 1960s, he and his first wife lived for five years in a one-room walk-up just large enough to hold a bed and a table.

But the world has since discovered Latin American writers, and Vargas Llosa's publishers say that today he is the best-selling of them all. Among his books praised abroad are "Green House" and "Conversations in the Cathedral." His latest book to be translated into English, "Aunt Julia and the Scriptwriter," an autobiographical comedy about his poorer days, was published last year by Farrar, Straus & Giroux, is in its fifth printing and will be issued in paperback this fall.

Now Vargas Llosa, his second wife and their three children live in a striking villa on a cliff here overlooking the Pacific. The house is a blend of modern, Mediterranean and colonial styles dominated by what Vargas Llosa once lacked: most space and a view.

"This landscape stimulates me," said the 47-year-old author, as he looked out from his large study at the mist-covered ocean. "It induces me into the world of fantasy."

Vargas Llosa returned here in 1972 after 14 years in Madrid, Paris and London. They were, for him, his obligatory years in Europe; like many Latin American writers, he began his literary career abroad. Twenty years ago it was primarily in Europe that the distinctive literature of Latin America found an audience.

At the beginning of his career, the idea that he could survive on the income from his writing was inconceivable, Vargas Llosa said, adding, "Now the situation has changed radically."

On his return to Lima he and his wife Patricia searched for a year before finding their house in Barranco, a once-affluent barrio that was partly destroyed by an earthquake, on the city's northern edge. Near the ocean and downtown Lima, the area, with its tranquil, tree-lined streets, has re-



Mario Vargas Llosa at his desk in his expansive book-lined study.

cently been attracting professionals and artists, who buy and restore its colonial and Victorian-style mansions.

In 1973, Vargas Llosa, one of the first to buy in the area, purchased his house, then just a studio box with a small adjoining lot, for a modest price. Today the lot has become a quarter-acre (0.1-hectare) walled compound and the house has expanded to three times its original size. Two stories high, it contains a living room, dining room and study as well as four bedrooms, six bathrooms and a swimming pool surrounded by patios. The changes and additions were built as the money became available, according to a master plan designed by Luis Miro Quesada, a Lima architect and close friend of the writer.

It is, above all, an urban house. "I don't know a single Latin writer who lives isolated in the country like some North Americans," Vargas Llosa said. "I like to write in isolation, but I have to be close to the center so afterward I can go to a movie or see friends."

The airy interior of the house

and much of its furniture were designed by the Peruvian interior designer Miguel Cruchaga de Belandine, another close friend of the author. As is usual in Peru, most of the furniture was custom-made. Though Peruvians generally favor Spanish colonial or older European copies, the furniture here has a more contemporary look. There are sculptures and paintings throughout the house, most of them modern and by Peruvians. Interior colors are mostly in white and earth tones, accented by parquet floors and wood-paneled ceilings.

"This is a very austere, sober house by Peruvian standards," Mrs. Vargas Llosa said. "Houses are supposed to show off luxuries here. But I have a mania for wanting to keep things simple."

The most distinctive room is the second-floor study, where Vargas Llosa writes from around 8:30 each morning (after jogging with Patricia) to 2 P.M., which is the lunch hour in Peru.

The expansive study, roughly 24 by 33 feet, has wide windows overlooking the ocean. Underneath a skylight in a corner by the

windows is Vargas Llosa's desk. At the far end of the windows are corner sofas, chairs and a fireplace where he entertains. In between are banks of light-colored wooden shelves with his collection of 8,000 books, and the files, kept by Mrs. Vargas Llosa, who acts as her husband's secretary and financial manager.

"I had to have a good place for my books," he said. "They are filled with so much nostalgia for me."

The study, which has a kitchenette and bar in a closet, connects only to the master bedroom, so that Vargas Llosa can cut himself off from the rest of the house when writing.

The master bedroom has become the family's television room at night. The king-size bed and television are platformed two steps up. By the ocean-view windows are a sofa, chairs and floor pillows.

Though the comfort makes life and work easier, Vargas Llosa said, "literature continues to be the same insecurity, the same passion."

MADRID POSTCARD

Spanish Pandamonium

By Dianne Klein

United Press International

MADRID — Fat, furry and fussed over incessantly, Chu-lin the baby panda has enraptured Spain.

People pour into Madrid zoo by the thousands to watch the little one loll on the grass, climb atop his mother, Shao-Shao, or do nothing but live up to his name — Chinese for "treasure among the bamboo."

Margarita Celma, the zoo's technical director, says her office has received dozens of calls from tourists as far away as Japan, Australia and the United States asking whether Chu-lin will be on view during a planned visit to Spain.

It was beginners' luck that Chu-lin was conceived on the first try by artificial insemination. Ever since his birth on Sept. 4, 1982, unrelenting adoration has surrounded him.

Madrid subway stops and city buses are plastered with his picture. A hit song chronicled his history. Countless companies have adopted him as their trademark.

On his first birthday the zoo outdid itself with a celebration featuring a birthday cake and pie weighing 1,100 pounds (500 kilograms) each. More than 6,000 children and hundreds of the young at heart attended, and the affair was front-page news.

Chu-lin and a sibling, which died of respiratory failure after three days in an incubator, were fathered by the London Zoo's Chia-Chia by artificial insemination after Shao-Shao's own mate, Chang-Chang, exhibited the panda's characteristic mating ineptitude.

Pandas seem almost designed not to reproduce. The female's estrus lasts only five to 10 days a year, and during that time she is fertile only 12 hours.

To make matters not to impossible, the male reproductive cycle rarely coincides with the female. And zoologists say the panda, in captivity or in the wild, has no mating instinct.

Zoologists estimate that only about a thousand giant pandas remain in the world. Some fear that number may be exaggerated.

Civilization's advance is forcing the giant panda from its natural habitat in China. Its staple food, bamboo, is in a cyclical decline that occurs once every 100 years.

Celma estimates that "within a

very short time," the only way to save the panda from extinction was to breed them in captivity. By even the Chinese, who donate Shao-Shao and Chang-Chang King Juan Carlos in 1978, have had limited success in panda breeding.

Out of about 60 giant pandas Chinese zoos, only 10 births have been reported and three of the did not survive.

Thus Chu-lin's healthy development — his weight has jumped from a mere 3.85 ounces (1 gram) at birth to 88 pounds (kilograms) today — has been particularly encouraging to zoologists and conservationists.

The only other surviving panda born in captivity in the West, Tshui, conceived naturally in 19 in Mexico City's Chapultepec zoo. Its parents, Ying-Ying and Pei-Pei, conceived another cub a year later, but a few days after the birth Ying-Ying accidentally killed her newborn when she rolled on it.

Spaniards are taking no chance with Chu-lin, first seen in public only six months ago and still under 24-hour guard.

Celma says the Chinese advise separating the male cub from mother after six months, counsel Madrid zoo ignored because "practically the animal could still very tied to its mother."

The doting mother is still ours Chu-lin, who according to keepers also eats a mixture of mineral and vitamin-enriched rice, eggs, milk and cereal about every five hours.

Despite their adorable appearance, pandas can be "temperamental," Celma says. His keeper, Angel Lopez, says he never gets too close to the adult animals and that the day may soon come when he will have to keep his distance from Chu-lin.

For now, however, Lopez enjoys playing with his roly-poly chum and like a proud father boasts Chu-lin's intelligence and gentle temperament.

As for chances of enlarging Madrid's panda family, Celma says "there are good signs" that a natural conception may be possible next year.

The less-than-lavish Chang-Chang will undergo hormone treatments. If that fails, Shao-Shao will be artificially inseminated at everyone else will cross their fingers.

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